2019 Universal Registration Document

including the Annual Financial Report and the Integrated Report

CARMILA

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2019 UNIVERSAL REGISTRATION DOCUMENT

including the Annual Financial Report
and the Integrated Report

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The Universal Registration Document was filed on 24 April 2020, with the AMF as the competent authority under Regulation (EU) 2017-1129, without prior approval in accordance with Article 9 of said regulation.

The Universal Registration Document can be used for the purpose of offering financial securities to the public or admitting financial securities for trading on a regulated market, if it is supplemented by an offering circular relating to the securities and, where applicable, a summary and all amendments made to the Universal Registration Document. The document thus supplemented is approved by the AMF in accordance with Regulation (EU) No. 2017-1129.

1. Integrated Report 2019

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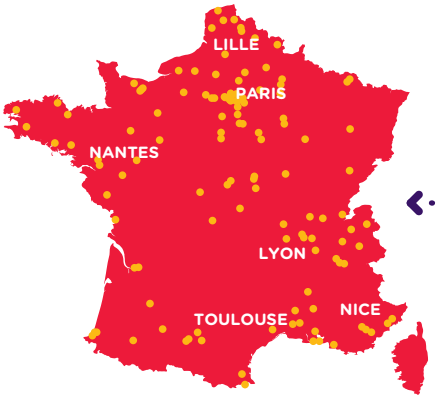
About this Report

Carmila has produced this Integrated report for all its stakeholders: investors, tenants and retailers, as well as institutional and local partners. It falls within the framework of a progress initiative and a desire for transparent communication. It also sets out to provide – as part of a close relationship based on trust with each of its stakeholders – a complete overview of the Group, focusing on its governance, challenges, sustainable growth strategy, outlooks and forward-looking vision. Jointly produced by General Corporate Management and all the divisions making up the Group, it provides the tools needed to understand how Carmila performed in 2019 and its prospects for the years ahead.

Carmila, Europe's third-largest shopping centre company

Carmila, the third-largest listed shopping centre company in mainland Europe, was founded in April 2014 by Carrefour and major institutional investors to create value from shopping centres attached to Carrefour hypermarkets in France, in Spain and in Italy. In 2019, Carmila delivered strong growth, demonstrating the success of its business model based on the local leading position of its properties and the energy of its teams.



FRANCE

129 SITES	71.9% OF TOTAL ASSETS*

€4.6 billion*

PORTFOLIO VALUE

Complete coverage of the country. Centres located in the leading hubs of urban areas.

SPAIN

78 SITES	22.6% OF TOTAL ASSETS*

€1.45 billion*

PORTFOLIO VALUE

Complete coverage of the country and major urban areas (Madrid, Barcelona, Valencia, etc.).

ITALY

8 SITES	5.6% OF TOTAL ASSETS*

€0.35 billion*

PORTFOLIO VALUE

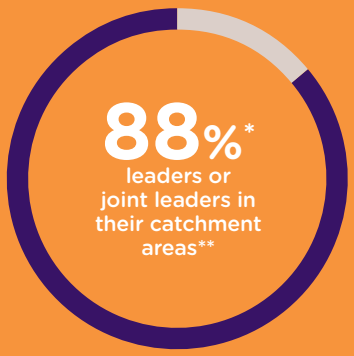
Presence concentrated in northern Italy, which has greater appeal.

* Appraised value including transfer taxes

215 SITES

€6.4 billion*

portfolio value, i.e.,
a 0.3% increase over 12 months
(appraised value including transfer taxes).

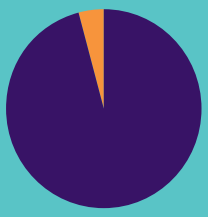


6,348

retail partners

96.3%

financial occupancy rate***



* In appraised values, including transfer taxes

** Leaders: shopping centre that is a leader in its zone in terms of number of retail units (codata) or shopping centre with more than 80 retail units in France and 60 in Spain and Italy.
Joint leader: shopping centre that is not a leader, but which adjoins a hypermarket that is a leader in its commercial area in terms of sales (Nielsen) or which generates sales in excess of €100 million in France and €60 million in Spain and Italy.

*** Excluding 1.8% of strategic vacancies at the end of 2019.

FROM THEN TO NOW

2014
Creation of Carmila on 16 April 2014 at the initiative of Carrefour and its partners. As of the end of 2014, the Group owned 180 shopping centres in France, in Spain and in Italy, worth a total of nearly €4 billion.

2015
Launch of the *"Un air de famille"* concept and of *Le Kiosque*, a set of local digital and marketing solutions to support retailers.

2016
Acceleration of initiatives to transform assets: marketing strategy and the first extension projects. New acquisitions, bringing the total number of assets up to 194 sites worth a total of €5.2 billion*.

2017
Merger with Cardety and successful initial public offering with a capital increase. As of the end of 2017, Carmila owned 206 sites worth a total of €5.8 billion*.

2019
Alexandre de Palmas appointed Chairman and Chief Executive Officer of Carmila, effective as of 1 July 2019. Carmila continues its strategy, with a number of major operational successes. To establish what Carmila does as part of a long-term, committed approach in relation to its stakeholders, thinking gets under way on its *raison d'être* with a view to drafting a purpose statement.

Carmila had an excellent year from an operational perspective and is gearing up for the future by developing new structural activities.

Alexandre de Palmas
Chairman and Chief Executive Officer

2019 was a highly successful year for Carmila, for our teams and our retailers, both in terms of the quality of our operations and the new business we developed. We demonstrated agility and effectiveness in embracing a number of new challenges, and evidence of our dynamic approach can be seen in our figures: our recurring earnings per share grew by 6.6% and our retailers saw a 2.0% average increase in their revenues. The sheer scope and diversity of our activity is proof of how effective the strategy that we have been deploying for the past five years is, and of our ability to innovate.

Carmila's most distinctive feature is the proximity – both geographical and human – that it continues to maintain with all of its stakeholders: Carrefour Property, with which we work extremely closely, representatives of the regions in which we operate, with whom we work in consultation, and the retailers and tenants that our teams are able to support thanks to their regional locations. With each of these partners, we endeavour to build relationships that are truly human, authentic, frank and caring, adopting a co-developmental approach in our work together. This is an undeniable strength and these synergies have enabled us to create lively, appealing and varied centres that are tailored to meet the requirements of each region and which prove popular among our customers. Examples include the Rennes Cesson shopping centre which we opened in 2019, and the extension projects currently under way in Toulouse and Nice.

At Carmila, customers are central to everything we do. We closely monitor major consumer trends and are transforming our offering, modernising it and bolstering the services and leisure activities that we provide. In 2019, this meant introducing new retailers – such as Ikea Design and Le Repaire des Sorciers –, introducing pop-up stores and launching Carmila Event, our events management company for brands in our centres. And it was also with our customers in mind that we created *Here we act* this year – our programme of responsible initiatives designed to guide everything we are doing to protect the environment and society –, and started rolling out a healthcare offering across our centres. This offering is highly popular among consumers, useful to the regions in which we operate and will be one of the key areas in which we grow in the years ahead.

To effectively demonstrate our commitment to our customers, this year we have worked with all of our stakeholders and drafted a purpose statement – a document that expresses our whole *raison d'être*. This statement is a compass providing us with day-to-day guidance and we now use it as the basis for everything we do. Drafting it made us reflect on our fundamental role and on the meaning of our commitment. More than ever, we are absolutely certain: property is just one aspect of our business. Because our vocation is to simplify and enhance everyday life for retailers and customers in the regions in which we operate. And more than ever before, we need to innovate, and explore new areas of business. We have already started.

Thanks to our excellent teams, to their creativity and the sense of initiative and entrepreneurship demonstrated throughout the company, we are leaving behind our traditional business and are exploring new avenues, setting up joint companies or dedicated subsidiaries. This year, we have enjoyed a number of fundamental successes through the continued deployment of our LouWifi activities (high-level Wi-Fi services in our centres) and Lou5G (5G antenna property company), which are helping to bridge the digital divide, and Carmila Retail Development. We are the only company on the market to offer this investment activity alongside talented young retailers.

While acknowledging our fundamental role as a commercial property management company, we will go even further in 2020 and in the years ahead, continuing to invent new ways of serving our retailers and our consumers. The ever-changing world in which we operate pushes us to go further forwards and challenge ourselves. Our purpose statement forces us to take up these challenges.

BIOGRAPHY

2006
Executive Vice President,
Casino Développement

2008
Executive Director,
Clear Channel France

2013
Executive Director,
Gallimard-Flammarion

2015
Executive Director
of Concessions for France
and Europe, Elior Group

2018
Executive Director
Convenience Store,
Carrefour France

2019
Chairman
and Chief Executive
Officer of Carmila

"Carmila's vocation is to simplify the lives of retailers and customers in the hearts of the regions in which we operate."

2019 as seen by the management team

2019 was a highly successful year for Carmila, illustrating more than ever just how right we were to base our entire approach on proximity, a powerful and popular value that is central to Carmila's *raison d'être*."

Alexandre de PALMAS
Chairman and Chief Executive Officer

Beyond our achievements and our leasing work, 2019 was marked by the launch of *Here we act*, our programme of responsible initiatives aimed at all of our stakeholders."

Sébastien VANHOOVE
Deputy Chief Executive Officer

Our strategy is underpinned by robust financial fundamentals and by the creation and deployment of new complementary businesses – such as Carmila Retail Development, LouWiFi and Lou5G – which have become major growth levers."

Géry ROBERT-AMBROIX
Deputy Chief Executive Officer

In Italy this year, we launched a project to improve our environmental performance, which resulted in our five largest centres – 89.2% of our Italian assets – being awarded BREEAM certification."

Maryse BEUCHER
Director of Carmila Italy

The 2% growth in our retailers' revenues and the 3.1% organic growth in net rental income are evidence of how effective our leading local centre model is."

Pierre-Yves THIRION
Chief Financial Officer

"With 874 leases (either new ones or renewals), 2019 was a record year, that emphasised just how dynamic our teams are."

Éric ROBERT
Leasing Director, France

"The opening of our Rennes Cesson extension perfectly illustrates our asset value enhancement strategy and our commitment to bolstering local leadership."

Frédéric DESPRES
Head of Operations, France

"The success stories of 2019 can be attributed to our highly committed employees, as well as the retail and entrepreneurial mindset that characterises Carmila."

Marie MUCHIR
Human Resources Director

"Our shopping centres organised more than 1,600 charity initiatives in 2019, demonstrating the key role that they play in breathing life into regions and enhancing their unity."

Igor AGLAT
National Shopping Centre Director

"With more than 238 million views of publications from our centres on social networks, we have created even closer ties with our communities, bolstered by a digital content strategy combining creativity, digital expertise and training for teams."

Quentin JONAS
Chief Customer, Digital & Innovation Officer

"Spain has worked particularly hard on modernising its commercial offering, increasing its revenue from Specialty Leasing and pop-up stores by +130.7% in 2019."

Sebastiàn PALACIOS
Director of Carmila Spain

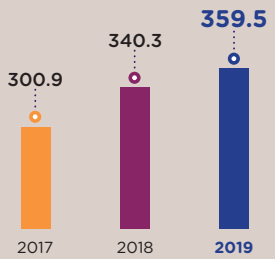
"The success of events created by Carmila – such as Carmiday and the Smart Shopping Events – is evidence of our ability to create relationships based on proximity and empathy with our stakeholders."

Morgan LAVIELLE
Communications Director

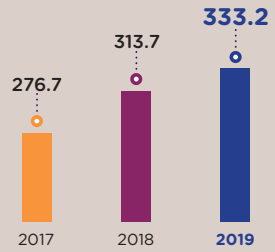
Solid performance

FINANCIAL PERFORMANCE

GROSS RENTAL INCOME
in millions of euros



NET RENTAL INCOME
in millions of euros

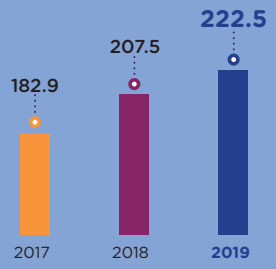


2019 Conversion rate[1]:
92.7%

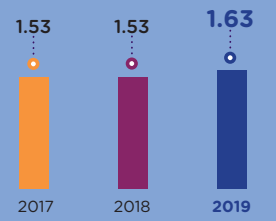
ORGANIC GROWTH
(Net rental income on a like-for-like basis)

2019: 3.1%

RECURRING EARNINGS[2]
in millions of euros

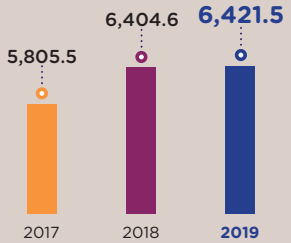


RECURRING EARNINGS / SHARE
in euros

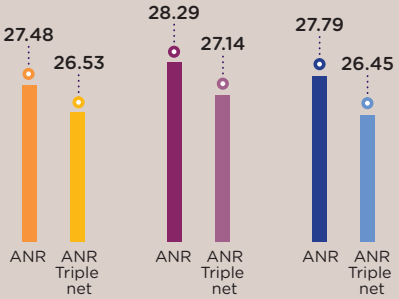


1 - Net rent / Gross rental income ratio
2 - EPRA earnings excluding non-recurring items
3 - On appraised values including transfer taxes
4 - Net asset value
5 - Loan to value ratio: net financial debt / gross asset value (including transfer taxes) as of 31/12/19

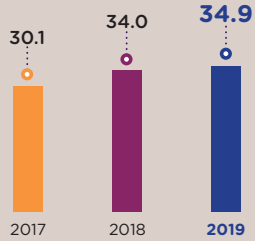
PORTFOLIO GROSS ASSET VALUE, INCLUDING TRANSFER TAXES[3]
in millions of euros



NAV[4] / EPRA NNNAV / per share

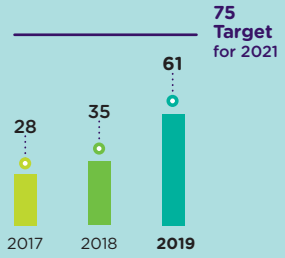


LTV[5]
(including transfer taxes) as a percentage

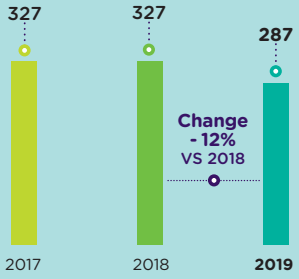


NON-FINANCIAL PERFORMANCE

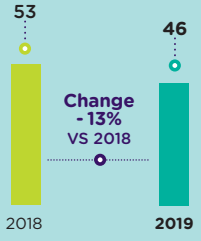
SHARE OF SHOPPING CENTRES WITH SUSTAINABILITY CERTIFICATION
as a percentage of the portfolio value



ENERGY CONSUMPTION PER SQM ON A LIKE-FOR-LIKE BASIS
(in kWhEF/sqm)



GHG* EMISSIONS IN kgCO2e PER SQM IN COMMUNAL AREAS (SCOPE 1 AND 2) ON A LIKE-FOR-LIKE BASIS

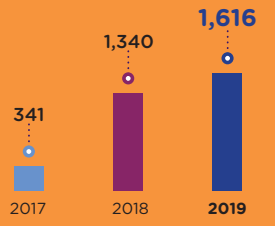


In 2019,
for the first time,
Carmila is measuring
its scope 3 GHG emissions

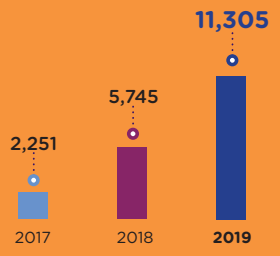
Total scope 3 GHG emissions
650 ktCO2e
nearly 90% of which are generated by visitor transport

* Greenhouse gas

NUMBER OF CSR EVENTS



INCREASE IN NUMBER OF B2B MARKETING CAMPAIGNS *(LE KIOSQUE)*



PERCENTAGE OF EMPLOYEES TRAINED

65% IN 2018 **84%** IN 2019

94%*
OF EMPLOYEES GIVEN TRAINING ON ETHICAL RISKS IN 2019

* of employees exposed to risk

Our purpose statement

At Carmila, proximity is at the heart of everything we do.

We provide everybody with **access to a reasoned offering** of everyday useful products and services. We connect retailers and customers as closely as possible to living areas. We develop and manage **human-sized centres** that are practical and friendly, and which create ties, revitalising regions and strengthening their unity.

Partnering with our retailers and tenants, **we innovate alongside them** to develop services which improve our customers' experiences and provide them with enjoyment and simplicity.

Through our proximity to the communities we serve, we are able to fulfil our mission:

simplify and enhance everyday life for retailers and customers in all our regions.

In 2019, Carmila defined its *raison d'être*. It lies behind every decision it makes, as well as informing its behaviour and underpinning the relationships it has with its stakeholders.

By choosing to put its purpose into words, Carmila has committed to asking some fundamental questions about itself and the role it plays in society. This initiative was also a way to unite its various stakeholders around a shared aim: move forwards together in the same direction. Our purpose statement provides us with long-term structure, guiding everything we do – both now and in the future: our way of designing, renovating and managing our shopping centres, the way in which we develop new activities and how we support our employees. Serving as a fully-fledged guide, it enables us to project ourselves into the future, while ensuring that we remain faithful to our own, common objective.

Involving the stakeholders

We have adopted an interactive approach to help us define our purpose statement. Initially, employees were asked about Carmila's strengths, together with its values and their expectations. We then used an online questionnaire and conducted interviews to find out what our retailers and tenants thought. More than 25% of them took part in the initiative. Finally, to consolidate results, we once again asked our employees to share their reactions. A number of keywords emerged from these discussions which illustrate Carmila's mindset and one powerful concept: proximity. Carmila's purpose statement constitutes an acknowledgement of this.

6 values that sum up Carmila

Our retailers and tenants are better able to talk about Carmila than anybody else. During our thinking and discussions* about our *raison d'être*, six values emerged in their descriptions of the relationships they have with our company and our team.

#Partnership

Association set up to implement a joint initiative

For 79% of our retailers and tenants, Carmila is a partner that they can count on. Our teams are agile and available, and there to listen. Working alongside us, they can easily engage in discussion, and look for and find solutions. The partnership is the very basis for the relationship that we manage on a day-to-day basis.

#Retailer spirit

Natural aptitude for retail business

For 67% of our tenants and retailers, one of the greatest challenges in transforming retail is the relationship with customers. For us, managing relationships with customers goes hand-in-hand with a strong retailer spirit. Our employees are specialists; they know how to give each retailer the support they need and help them boost their local appeal.

#Local roots

Being deeply and firmly established in a region

70% of our tenants and retailers think that Carmila's regional coverage is what differentiates it from other commercial property management companies. At a time when uniformity is gaining the upper hand over individuality, each of our 215 shopping centres is deeply rooted in its region and caters to its specific features.

#Utility

Being useful for meeting a need

74% of our retailers and tenants think that a shopping centre should be practical and useful. Utility is also the value most frequently cited by our employees. We are constantly striving to understand what our customers need so that we can provide them with a bespoke solution.

#Friendliness

Positive relationships among people in our society

As online retail and digital practices become more popular, both retailers and customers are increasingly in search of friendly experiences. We ensure that our shopping centres are familiar places where people feel good and can enjoy themselves... places that facilitate discussions and meetings.

#Practicality

Being suitable for a particular use

For 79% of our retail partners, the shopping centre of the future will be multifunctional and will offer a complete range of stores, services and tertiary activities. That's exactly how we imagine it – practical, since it will be open to serving new purposes.

* Surveys conducted between September and December 2019 targeting 545 tenants, 40 retailers and Carmila employees.

Proximity at the heart of everything we do

For Carmila, proximity isn't just a word. It is at the heart of everything we do and everything we achieve. This value is the bedrock of our *raison d'être*, a value by which we are bound now and by which we will be bound in the future: proximity is the very reason why Carmila exists.

Proximity is a bond that we strengthen with our customers

Being rooted into our local communities is a strength, and one that we nurture on a daily basis. We know our customers very well. It is for their benefit that we breathe life into our centres; we bring vitality to them, we organise events that are just the way they want them to be – friendly, warm and human. Thanks to our local marketing strategy, they are always kept up-to-date with developments concerning the centre and our retailers, they can take advantage of the best benefits and they can engage in discussion on our social networks.

Proximity is our way of acting on a daily basis

We see each of our stakeholders as a partner. In all of our dealings with them, we do everything we can to create a climate of trust and we cultivate goodwill. Our trademark is our ability to develop genuine human relationships that are frank and sincere. We see the ability to listen and show empathy as essential for creating strong and enduring ties with each of our partners.

Proximity is the very essence of our portfolio

Proximity is what best characterises our sites. In France, in Spain and in northern Italy, we have a network made up of 215 sites – unique in terms of the regional coverage that they provide. Close to city centres, seamlessly integrated into the urban fabric, our sites are practical and easy to access. No matter how large or small they are, each one is deeply rooted into its surrounding region: 88% of our shopping centres are leaders or joint leaders in their catchment areas. They enhance the appeal of their regions and are part of people's lives.

Proximity is what we experience every day with our retailers

At Carmila, we work hand-in-hand with retailers and tenants, as part of a win-win partnership. Thanks to our decentralised organisational structure, our sales and centre management teams are able to work as close to the field as possible as part of a personalised approach. They are fully familiar with the local catchment area and can provide each of our retailers with bespoke and appropriate solutions to meet their needs and tackle their specific challenges.

here we act

Proximity at the heart of our programme of responsible initiatives

How can we engage our customers and retailers and bring them together in pursuit of a more responsible and socially inclusive form of consumption? **What action can we take to effectively protect the environment and tackle climate change?** How can we make full use of new technologies, particularly digital ones? **How can we mobilise our employees to bring about a more respectful form of growth?**

To answer these questions, in 2019 Carmila created *Here we act,* a programme of responsible initiatives that it has deployed in France, in Spain and in Italy that focus on taking action in three areas.

HERE, WE ACT FOR THE PLANET

For Carmila, taking action for the planet means: restructuring our assets so that they meet an ambitious environmental standard, raising people's awareness of the good habits they need to get into and helping our stakeholders understand climate change.

- We establish our assets as components in the **city of the future**
- We contribute to the **fight against climate change**
- We maintain and develop **biodiversity**

HERE, WE ACT FOR THE LOCAL REGIONS

For Carmila, maintaining the dynamic nature of our regions means: supporting, fostering relationships, helping, advising, co-developing and adapting to the realities of our regions and their talents in a socially inclusive way... with all social and economic players.

- We enhance **local appeal** alongside retailers and tenants
- We breathe life into our centres **as areas that encapsulate local life**
- We build **local relationships** with suppliers and partners

HERE, WE ACT FOR EMPLOYEES

For Carmila, taking action on an everyday basis for our employees means: helping them to flourish, achieve satisfaction and surpass themselves, creating a team spirit, etc.

- We help everybody to reveal **their potential**
- We take action to create an **inclusive and collaborative society**
- We guarantee a climate of **trust**

Our sustainable growth strategy

Carmila's mission, as set forth in its purpose statement, is to simplify and improve everyday life for retailers and customers in the hearts of the regions in which we operate.
As part of this mission, regardless of circumstances, we go to every effort to generate shared, long-term and inclusive value for all of our stakeholders – employees, customers, retailers, tenants, investors, partners and society as a whole.

OUR PROGRAMME OF RESPONSIBLE INITIATIVES

here we act

- For the planet
- For the local regions
- For employees

Resources

TALENTS

- Business culture based on a dynamic approach, innovation, entrepreneurship and responsible commitment
- **231** employees
- **52%** women and **48%** men
- **33%** of employees in the region

FINANCIAL

- Shareholders' equity – Group share of **€3,540.4 million**
- Gross financial debt of **€2,416 million** with an average term of 5 years
- LTV* of **34.9 %**

PROPERTY

- **3** countries (129 centres in France, 78 in Spain, 8 in Italy)
- **88%** of assets are leaders or joint leaders
- Extensions in the pipeline for 2020-2024: **19** projects for projected investment of **€1.3 billion**
- Portfolio valued at **€6.4 billion****
- **6,348** leases

ENVIRONMENT

- **90%** of employees want to be part of the CSR initiative
- Digital environmental management platform
- Partnerships with acknowledged experts

LOCAL ROOTS

- Operating in **180** towns and municipalities
- **460** partner associations
- Partnerships with start-up and local incubators
- **73%** local suppliers
- Toolbox of multi-local responsible initiatives
- Annual local marketing action plans

*Loan to value
** Appraised values, including transfer taxes
*** Guaranteed minimum rent

Transforming and creating local places of living

Customer experience
Renovations/extensions
Protecting the environment
New usages

Enhancing the range of retailers and services

Mix-merchandising
Pop-up stores
Event-oriented services
Local partnerships

Connecting up retailers and consumers

Customer knowledge
Local digital marketing
Life at shopping centres
Retailer synergies

Innovating and investing for tomorrow

Acquisitions
New businesses
Retail holdings
Social and solidarity economy
Diversification of activities

Our assets

Long-term partnership with Carrefour

Leader in our catchment areas

Dynamic, expert and specialised teams

Preferential access to all our centres

Impacts

TALENTS

- **87%** of employees satisfied
- **2,960** hours of training
- **94%** of employees trained in ethics

FINANCIAL

- Rental income of **€359.5 million**, i.e. 5.6% growth compared with 2018
- Recurring earnings of **€222.5 million**, i.e. +7.2% growth compared with 2018

PROPERTY

- Renovation plan **100%** complete
- **19** extension projects delivered, amounting to €31.4 million of annualised rental revenue
- Annualised GMR*** of **€361.7 million**

ENVIRONMENT

- **61%** of assets certified in value as of 31/12/2019
- **6%** reduction in energy consumption/sqm (vs 2018 on a like-for-like basis)
- 1 tree planted for every sqm built, amounting to **more than 38,000** trees since 2017

LOCAL ROOTS

- **1,616** CSR initiatives in our centres in 2019
- **87%** of customers satisfied with their visit
- **> 760** marketing initiatives every month to help retailers
- **22 tonnes** of clothes collected in charity house clearances in 2019
- **130** retailers are partners of Too Good To Go as of 31/12/2019

Transforming and creating local places of living

Always ready to listen to consumers, who yearn for shopping centres that are ever closer and more accessible, Carmila designs and operates practical, friendly centres that are human in scale. Constantly being transformed and upgraded, their assets are rooted in their regions and connected to the urban fabric so that everyone can enjoy spending quality time there and make the most of each day.

OUR STRATEGY

"Transforming assets is what we do best. We focus on renovating, developing and supporting changes in the regions to offer a high-quality customer experience and embrace the challenges of urban and environmental integration."

Sébastien VANHOOVE
Deputy Chief Executive Officer

In 2014, Carmila launched an ambitious renovation programme based on the *"Air de famille"* concept. This programme was completed in 2018. In 2019, Carmila continued its efforts in the same vein: transforming its shopping centres into lively, warm, connected and friendly places. The aim is simple: to create spaces where people can meet and chat, rooted in each of the regions in which we operate to give our customers what they want, offering them a unique experience and making their lives easier.

Establishing the leadership positions of assets with extension projects and a renewed merchandise mix

Since 2016, Carmila has delivered 19 extension and restructuring projects, including Rennes Cesson and Bourg-en-Bresse in 2019. To create preference and consolidate leadership positions at local level, all teams are working hard to design centres that are fully aligned with the regions in which they are located – a genuinely bespoke effort. Carmila focuses on changing the size of units and attracting new tenants, taking a chance on local brands and a mix of uses, to create an offer that is perfectly tailored to local needs. As proof of how effective this strategy is, the majority of our centres are now nearly 100% leased. Transformation is also targeting historic sites such as Le Géric, the regional shopping centre in Thionville, and the local neighbourhood centre in Meylan, near Grenoble: no matter how large or small the site is, Carmila is developing them all in response to the challenges of changing retail and urban and environmental integration. Carmila is also continuing to work with Carrefour, its leading shareholder and the co-owner and co-operator of its sites, to expand the project pipeline. At the end of 2019, there were 19 extension projects in the pipeline for 2020–2024, a total projected investment of €1.3 billion.

Strengthening local utility

With up to 1,000 employees per site and 1,616 initiatives organised in centres in 2019 on the topics of employment, health, the environment and solidarity, Carmila centres are leading economic and social actors. When it undertakes transformations, Carmila turns to the region's architects and businesses, also drawing inspiration from cultural factors specific to each area in designing and developing centres. To strengthen these links with our regions, in 2019 Carmila launched *Here we act* – its programme of responsible initiatives made up of a series of commitments to stimulate the local economy. As part of its transformation projects, Carmila is thinking about mixed-use places and the development of offices, housing, medical centres, specialist residences and other uses still to be invented. And its purpose is absolutely clear: make its shopping centres even more community-based and useful.

— Carmila has a pipeline of projects that are all integrated into their regions and designed to meet new uses, as well as being environmentally friendly.

— Rennes Cesson has been completely renovated for the 400,000 people living within its catchment area.

Rennes Cesson, a successful extension

On 26 November 2019, Carmila opened the Rennes Cesson shopping centre extension. It has been entirely redesigned, modernised and enhanced, reinforcing the site's leading position in the eastern Rennes catchment area.

" We are delighted with the centre's extension that will further enhance the appeal of La Rigourdière, the leading commercial activity area on the outskirts of Brittany. The 70-plus companies which have set up there and the 1,200 people who go to work there every day now have everything they need."

Bérénice ROUDET
President of the Rigourdière Company Association

Designed in partnership with Carrefour Property and local stakeholders, in parallel with the renovation of the Carrefour hypermarket, the Rennes Cesson extension hosts 35 new shops and has transformed this historic site – formerly a centre offering everyday convenience services – into a major neighbourhood hub. Unique in the region, the new centre stands out thanks to its human scale and ease of access. A garden party feel and interior architecture that is consistent with the green setting of the Vilaine river, a car park with rescaled infrastructure, free high-speed Wi-Fi, games for children: everything has been designed for customers' comfort and to make their journey more convenient. With the arrival of Maisons du Monde, H&M, Mango and Holly's Diner, the offering now focuses more on personal and household goods, leisure activities and dining. It is resolutely playing the regional and innovation cards, with independents and local franchises accounting for more than 50% of all stores, and ten new stores for the Rennes area, including La Barbe de Papa, By Izea, Crazy Kids and Nicole. A new destination for family fun at this centre which is perfectly integrated within a region that is flourishing demographically and economically.

14

MONTHS OF CONSTRUCTION WORK AND AN INVESTMENT OF €28 MILLION.

Different strategies for enhancing value

Both iconic sites, Le Géric shopping centre in Thionville and Cité Europe in Calais are being completely transformed to enable them to adapt to the new challenges of retail and consumer expectations.

Purchased by Carmila in 2015, Le Géric shopping centre in Thionville is a true local institution, the leader in its catchment area. To bolster this leading position, the centre has been heavily developed over the last four years, with the acquisition of adjoining medium-sized units in 2016, and then the reconstruction of the former Go Sport unit to turn it into several restaurants and the opening of a sports facility in 2017. Changes in the merchandising mix continued into 2019 with the arrival of new tenants and the renovation of the food court. In the Pas-de-Calais region, work on redeveloping Cité Europe continues. Fully reconfigured to welcome new shops and convert its stores into new formats, the shopping centre will get a 6000 sqm Primark at the end of 2020. As the final element in its transformation, the opening of this clothing brand will drive footfall, helping to increase the overall appeal of the centre within the region and boosting retailers' revenue.

— In Calais, Cité Europe is in the final stages of its metamorphosis, gearing up to welcome Primark.

2019 HIGHLIGHTS

" Our work with Carmila involves designing lively spaces that integrate into the existing environment in terms of architectural design, the materials used and how they fit into the landscape, as we did with Rennes Cesson."

PHILIPPE MARRAUD GROUP
Architecture company leading the Rennes Cesson extension

A PIPELINE OF AMBITIOUS PROJECTS

Carmila is working on its development pipeline in close collaboration with Carrefour Property and in consultation with local stakeholders. In 2019, two major projects were delivered: Rennes Cesson and Bourg-en-Bresse. At the end of 2019, there were 19 projects in the Carmila pipeline, two of which are currently in development: Toulouse Purpan, where the priority has been to increase the number of restaurants, and Nice Lingostière, a 15,000 sqm extension with an additional 45 stores. There are eight other priority projects: Vitrolles, Montesson, Antibes, Aix-en-Provence, Thionville, Toulouse Labège, Vénissieux and Tarrasa in Spain.

THE REINVENTION OF BOURG-EN-BRESSE

The Bourg-en-Bresse shopping centre, which reopened in November 2019 after several months of construction work, has undergone a significant transformation. A total of €4.6 million has been invested in renovating this ageing site. The centre has been restructured with, first, the closing of a low footfall area so as to open a 2,000 sqm Go Sport and, second, the arrival of JouéClub, on an 800 sqm site. These transformations have helped to revive trading, a revival that will be further strengthened by the forthcoming openings of a café, an ATOL optician, a Cigusto e-cigarette store, a jewellery store and a Nocibé cosmetics store.

87%

OF OUR CUSTOMERS ARE SATISFIED

— "What do I like most about my shopping centre? The family feel, the convenience and the clientele."

— "I particularly like the square where you can get together to have something to eat, chat to your friends, relax."

— "I like how modern the new centre is, with the new shopping area. Everything has been refurbished and it's much nicer."

— "Since it was refurbished, and particularly since the 35 new stores opened, it's like being in a very pleasant new centre".

Source: Customer barometer, 2019

75% of Carmila's assets to be certified by 2021

here we act

61% OF CARMILA FACILITIES CERTIFIED AS OF END OF 2019

With 43 new certifications obtained this year – 31 in France, 5 in Italy and 7 in Spain – Carmila took a huge step towards meeting its goal of achieving certification for 75% of its assets by 2021. As well as certifying its long-term asset renovation extension projects, Carmila is certifying the way in which sites are operated with the Breeam In-Use assessment methodology, which attests to their environmental performance.

THE INITIATIVES MAKING UP THE *HERE WE ACT* PROGRAMME IMPLEMENTED DURING THE RENOVATION OF THE RENNES CESSON SHOPPING CENTRE:

- BREEAM certification during the design phase
- Preservation of biodiversity with 3.7 ha of green spaces and installation of nest boxes, beehives, etc.
- 7,000 trees planted as part of a reforestation initiative
- Integration of new forms of mobility: spaces for electric vehicles, a cycle track, etc.

PERFORMANCE INDICATORS

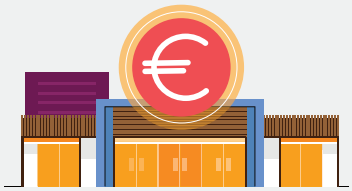
€359.5 million
in Gross Rental Income
+ 5.6% vs 2018

€222.5 million
recurring Earnings 2019
+ 7.2% vs 2018

19 extensions
delivered since 2014 with a total surface area of 162,306 sqm and €435 million of investment

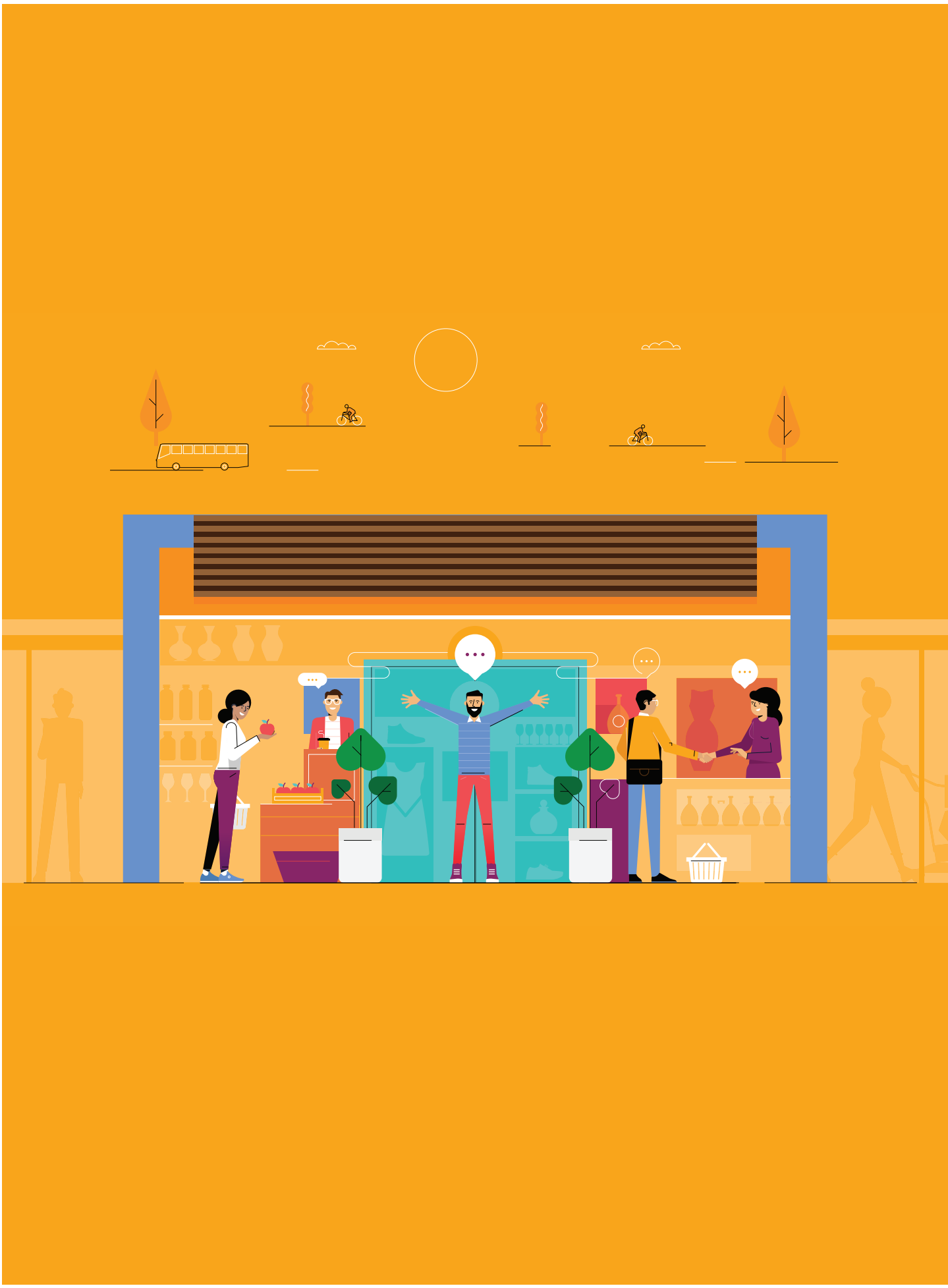
19 extensions
in the project pipeline by 2024 representing provisional investment of €1.3 billion

100%
of the renovation plan complete, in keeping with the *Un air de famille* concept



CARREFOUR, A PARTNER IN EVERYDAY LIFE

Carrefour hypermarkets deliver sound performance in the food sector, with offerings featuring numerous local products. They are what drives footfall for most Carmila shopping centres. Within the framework of its transformation plan, Carrefour continues to innovate, with new types of format. These include the "Next" concept which opened in 2019 in BAB2 (Biarritz), with market, organic and food services areas, and its *Drive* concept. This dynamic approach is also resulting in numerous omnichannel operations and events, rolled out in synergy with shopping centre management departments... the pursuit of customer satisfaction guiding all of them.



Enhancing the range of retailers and services

Carmila's consumers are always on the lookout for simplicity and practicality, so it constantly adapts its product and service offering to meet expectations in each catchment area.
Our challenge? To offer, thanks to our local teams, a useful and relevant selection: a broad and coherent mix, tailored to each centre, an offering that is comprehensive and human in scale, attractive but not excessive so as to promote more responsible consumption.
A dynamic, refreshed selection that encourages discovery.

OUR STRATEGY

"Retail is in our DNA. This is what enables us to keep our merchandising mix relevant – ensuring that it is always tailored to the region – and to support the performance of retailers in our centres."

Éric ROBERT
Leasing Director Carmila France

With a finger always on the market's pulse, **Carmila relies on its teams' expertise** to understand and explore the needs of its customers and to interpret new trends in consumption. Evidence of these efforts can be seen in Carmila's outstanding global operational performance: in 2019, it signed 874 leases in France, in Spain and in Italy. In a shifting environment and faced with rapid change in the retail sector, Carmila is also seeking to rebalance its merchandising mix in favour of promising activities that are popular with customers. More services, more restaurants, more leisure options: these growth sectors now account for nearly 57%* of the tenants in Carmila shopping centres.

Expand the retail offering to welcome brands that drive footfall, independent retailers and new concepts

So as to provide a merchandising mix that is appropriate for the customers in each region, Carmila uses locally based leasing teams. Guided by the three watchwords of diversity, complementarity and quality, they work to identify and attract the top retailers. The challenges are to stand out from local competitors, while refreshing the commercial offering and providing a new experience, helping people to discover or rediscover regional concepts. Alongside Carrefour and flagship retailers like Mango, Zara, H&M and Cultura, Carmila is capitalising on local partnerships, tenants that help it to stand out, and new concepts. It is also refreshing the commercial offering by actively developing pop-up stores, which registered a record year with 100 new leases signed. Finally, Specialty Leasing enhances the centre as a whole, creating events and providing complementary stores. This activity involves the short-term renting of sites located in common-use areas and in car parks to brands or retailers. This activity saw a 34% increase in 2019. Carmila also launched Carmila Event this year, an integrated events department that offers brands, retailers and marketing agencies solutions for exhibitions, events and pop-up sales aimed at shopping centre visitors as part of road shows, tastings or omni-channel initiatives.

— Bringing retailers together is a priority for Carmila. With every shopping centre opening, Carmila organises a brunch event for them so as to create a group dynamic.

* Distribution of the lease portfolio in the services and restaurant sectors: 18% health and beauty; 18% culture, gifts and leisure; 13% food and restaurant services; 8% services

Expert, highly localised teams

At Carmila, all our teams work towards the same aim: to make life easier for retailers. They have a major advantage that enables them to deliver on this aim: their local implementation.

311

THE NUMBER OF RETAILERS TRAINED WITH *DOCTORA RETAIL* IN SPAIN, A TRAINING PROGRAMME THAT ENABLES THEM TO INDEPENDENTLY CARRY OUT DIGITAL MARKETING ACTIVITIES DESIGNED BY CARMILA EXPERTS.

A genuine understanding of retail, coupled with the listening and empathy skills required to build solid relationships based on dialogue and trust: Carmila is lucky to be able to work with expert employees. Often recruited from the major retailers themselves, they truly do have retail in their DNA. Our experienced, enthusiastic teams also have another particularly important advantage: they are decentralised. Primarily drawn from areas where Carmila operates, they live, work and consume in these regions. As a result, they understand their area and its local businesses just as well as they understand the challenges facing national brands. With a finger on the pulse of the market, the teams also monitor emerging retail activities. This enables them to build up a network of entrepreneurs in each region, even before commercial negotiations begin, to analyse in great detail any changes to the retail landscape and to identify the most appropriate types of business for each consumer area.

— Carmiday, an openhouse for meetings and discussion between Carmila's teams and retailers, brings together more than 350 participants.

The close relationship that links us to our retailers is invaluable. For this, we have services that help them to increase their revenue and we regularly organise events with tenants to bolster this special relationship – such as our paddle tennis tournament, our annual gala evening and Carmiday.

Rocio PALMERO PASTOR
Leasing Director, Carmila Spain

Supporting retailers from A to Z

Carmila's teams are taking a personalised approach to meeting retailers' needs and supporting them every step of the way, from when they first decide to move in and throughout their trading lives.

As the shape of retail and the profiles of entrepreneurs change, Carmila's teams are able to support each project, from the launch of a new concept to the sectoral reconversion of high-potential retailers. They can identify independent retailers who want to expand and put them in contact with national or international brands looking for franchisees, such as this photographer who became a De Neuville chocolate retailer in Rennes Cesson. They also encourage local retailers or new concepts, providing them, thanks to their unique regional coverage, with suggestions for locations, unit sizes and lease durations to match each requirement.

This support continues when the store opens and starts trading: job dating events can be organised to help them hire future staff, marketing campaigns can be suggested to help enhance the store's appeal, the sales teams can access digital support... Carmila's experts have an answer for every challenge. In Spain, for example, 311 retailers received training from *doctora retail*, a specialist in local marketing, with the aim of enabling them to independently carry out the digital marketing activities designed by Carmila experts. Central to these initiatives is the centre's director on-site availability to tenants on a daily basis, helping them increase their local appeal.

2019 HIGHLIGHTS

POP-UP STORES GAINING IN POPULARITY!

A flexible solution for testing a catchment area, building a brand or promoting a seasonal offer, pop-up stores – which are leased for periods of less than 36 months – are in high demand from retailers. A genuine stepping stone towards the signing of a traditional lease, they also enable innovative brands to limit their risk when launching. From the Atelier Lego® to Macadam Basket (dedicated to the NBA, the world's top basketball league), Volkswagen and FanXperience, which showcases branded products from Warner Bros., 114 stores were operating in 2019, representing 86 different retailers in nearly 50 shopping centres. These stores are sometimes surprising and always offer something different. They win over customers, as shown by the success of Le Repaire des Sorciers (Wizards' Den) store devoted to Harry Potter: five stores were opened in 2019 generating lots of buzz, with dozens of articles in the press, thousands of comments and videos shared on social media and a clear uptick in footfall in the shopping centres in question on opening days.

" Being part of a shopping centre was a new experience for me and I greatly appreciated the bespoke support I received and the straightforward set-up process made possible by Carmila. "

LE REPAIRE DES SORCIERS

" LEGO® is the most popular toy brand in France. Our store not only drives footfall to shopping centres... with all the experiences available to try out, it also serves as a way of getting customers to stay longer. "

ATELIER LEGO®

CARMILA EVENT SERVING BRANDS

On 3 October 2019, Carmila officially launched its events department, Carmila Event. As a local medium for enhancing brand visibility and exposure, working for and with brands, it organises and coordinates tailored campaigns in common-use areas of shopping centres, including their entrances, shopping areas and car parks. Oreo, Badoit, Prince, Netflix, Lexus and Unicef... dozens of brands have already made use of Carmila Event to put on a road show, launch a new product or even organise a prevention campaign or a cultural or sporting event. As lively focal points that help to increase brand awareness, these events are opportunities to offer customers new experiences.

here we act

OFFERING ALTERNATIVES

Committed to encouraging more responsible consumption and in a bid to respond to customers' changing needs and requests, Carmila is diversifying its offer of second-hand products in its shopping centres. For example, in early 2019, the Montesson centre welcomed the first Rekup-IT store, which specialises in repairing and recycling IT equipment and selling reconditioned kit. In Hérouville-Saint-Clair, a Chiffo Bis shop has been opened. This second-hand store is a social enterprise selling clothing, crockery and decorative items at low prices, while working to help its employees integrate. These initiatives are also a way of encouraging customers to sign up for the zero-waste initiative.

" We are particularly proud to welcome La Chiffo to the Hérouville shopping centre. This social enterprise is an example of our determination to offer our customers new types of stores, while increasing social diversity. "

Delphine MOUTIER
Manager of the Hérouville-Saint-Clair and Mondevillage (Caen) shopping centres

PERFORMANCE INDICATORS

874
leases signed in 2019, meaning minimum guaranteed rent of €38.3 million

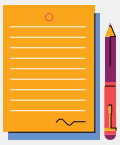
+6.2%
increase in Net Rental Income, totalling €333.2 million, including organic growth of +3.1%

€14.3 million
Net Rental Income from Specialty Leasing and pop-up stores + 33.9% vs 2019

49
leasing managers in 10 regions spread over three countries

+2~%
growth in retailers' revenues on a like-for-like basis

+67%
increase in retailers supported by local marketing initiatives over more than six months vs 2018

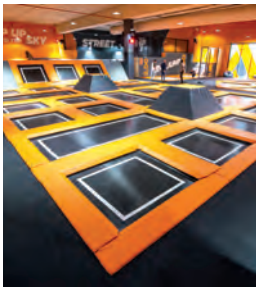


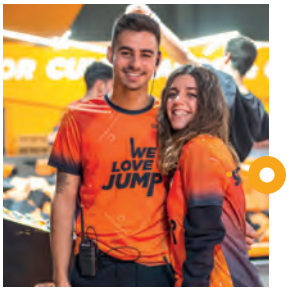
EXPANDING LEISURE AND WELL-BEING OPPORTUNITIES

In 2019, Carmila entered into agreements with several trampoline park companies, including Urban Planet and Flipa Jump. It also signed an agreement welcoming Sano Center to the Ciudad de la Imagen shopping centre in Madrid. Sano Center organises sports training for individuals and small groups, and has been enjoying increasing success in Spain thanks to its ability to forge close relationships with its customers. This innovative service offering will breathe new life into the centre, responding to growing consumer demand for recreation, health and well-being.

"~Our recreation park concept is multi-generational and perfectly matches the profile of customers at Carrefour shopping centres. Carmila brings us the customers that we are targeting, and we offer them innovative experiences. It's a win-win partnership!"

URBAN PLANET JUMP





Connecting up retailers and consumers

An attractive shopping centre is a shopping centre that people want to visit and revisit, where they feel good and feel recognised, where discussion with shopkeepers is simple and honest. Carmila connects retailers with customers right at the heart of community areas. The company's local teams encourage dialogue and cultivate this closeness on a daily basis by organising key events in its centres and offering tailored support to its partner retailers. Communication is both physical and digital, giving life to centres, creating long-term links and invigorating regions.

OUR STRATEGY

"We are rolling out an omnichannel digital marketing strategy based on a drive-to-store approach. This unique expertise is a strength for our centres and their retailers."

Quentin JONAS
Chief Customer, Digital & Innovation Officer

Marketing has always been one of Carmila's strengths, and the company has opted for a targeted approach and distributed marketing. The effectiveness of this approach is based on detailed knowledge of consumers in each catchment area and the development of high-performance digital tools. These tools are designed at head office and then made available to teams in every shopping centre so that they can be adapted for use locally. To further refine its customer knowledge, Carmila's experts have designed *personae* matching different types of visitor profile so that personalised communications can be sent to them.

— Games terminals, either permanent or associated with a particular event, liven up the customer path and feed the databases.

Local marketing dedicated to performance

The challenge facing Carmila is clear: to generate traffic not only to the shopping centre but also – and especially – in each of its shops as part of a drive-to-store approach. This is so as to improve the appeal of retailers and help them to increase their revenue.
In 2019, Carmila organised nearly 10,000 local or multi-local campaigns on behalf of its retailers using *Le Kiosque*, a suite of digital event-management solutions offering extra visibility for sales outlets.
These initiatives can form part of a long-term support programme – Boost – which 67% more retailers took advantage of in 2019 than in the previous year. These solutions complement the operational marketing action plans rolled out by each centre to grow their brands overall and to increase their customers' loyalty.

Ever stronger physical and digital proximity

To improve the local visibility of shopping centres, Carmila is activating three main levers. The first involves strengthening stores' digital presence for when customers search for shopping information on their smartphones near the centre. In 2019, more than 100 million Google My Business searches led to the pages of Carmila centres being displayed.
This performance is set to improve still further, since Carmila this year became the first beta tester in France for Google drive-to-store artificial intelligence. The second pillar involves winning customers' loyalty through events organised by each centre manager, usually in partnership with local stakeholders. Information collected during these events, including through games terminals, provides additional data for Carmila's databases. Finally, to win over the youngest customers, Carmila relies on lively local digital communities. As true local ambassadors, influencers use social media to pass on information about events organised in centres and store offers. Solutions have also been introduced to promote direct dialogue between shopping centres and their customers. In 2019, centres managers published more than 50,000 posts on social media, generating several thousand interactions with customers.

— Labège 2 (Toulouse) is using actors "Mélissa and Fred" to create amusing videos that will go viral on the social networks.

Creating 360° content campaigns with and for retailers

Carmila supports brands to help them increase their local visibility. An approach that involves creating collaborative, structured and effective content, using both physical and digital media.

" The collaboration between Carmila and Histoire d'Or came about entirely naturally, with the aim of offering our community a varied range of content. Combining it with an influence campaign was the obvious thing to do. The partnership went particularly well with high-quality benefits."

HISTOIRE D'OR

Working together to organise original initiatives that stand out so as to attract customers to sales outlets and create links: this is one of the aims of *Le Kiosque*, the suite of drive-to-store solutions that Carmila has rolled out for its retailers. In 2019, Carmila more specifically went to efforts to co-produce content with retailers, supplementing its email, SEO and event organisation initiatives. Given customers' growing enthusiasm for new video formats disseminated via social media, Carmila has designed and produced a variety of audiovisual content that has gone viral within Facebook and Instagram communities.

These vox-pop style short interviews in shopping centres are popular with the customers who feature in them, as well as with the retailers. At 16 centres, *Chocolate Blind Taste*, a campaign organised with Jeff de Bruges over Easter generated 160,000 visits to sales outlets and 265,000 views on the social networks. The digital *Photos Bonheur* campaign in 36 Histoire d'Or stores to celebrate Mother's Day enjoyed similar success. To take part, people simply needed to share a "mother and child" photo via a digital platform. Simple, effective and engaging.

Customer knowledge – the key to targeted marketing

Knowing your customers well is essential to addressing them in the right way. Carmila makes use of its expertise in data collection and analysis to benefit retailers.

+25%

CUSTOMERS IN DATABASES IN 2019

In order to send the right communication to the right customer, and adapt all marketing campaigns to people's different expectations, it's essential to have a detailed understanding of his behaviour. Since it was founded, Carmila has made customer knowledge a priority, thanks to its Insights and Data team and several in-mall initiatives, all of which help afford it a more comprehensive understanding of customers. To enrich its local databases, it relies on its digital expertise, organising games on interactive terminals set up in shopping centres. In 2019, more than 1.1 million customers played these games in Carmila shopping centres. The Insights and Data team also carries out numerous customer studies, either by mobilising panels of volunteer consumers, via Shopping Lab (an integrated solution), or by interviewing customers on site or across catchment areas. Carmila asked more than 30,000 customers in 2019 about their reasons for visiting its centres. Thanks to data analysis, five *personae* from customer segments with very different profiles and consumption habits have been identified: employed people, retired people, families, shoppers and students. These profiles help to better target the marketing campaigns made available to tenants in each centre, depending on their objectives.

" To encourage centre customers to visit shops, it is important first of all to listen to them, get to know them and understand their expectations and motivations. They need to be constantly asked about their levels of satisfaction and loyalty, and ongoing dialogue needs to be maintained with them so as to respond to their comments and suggestions on the social networks. "

Christelle VITTE
Marketing Studies Manager, Carmila

2019 HIGHLIGHTS

here we act

ENCOURAGING LOCAL SOLIDARITY

Carmila wants to turn its centres into places encapsulating local life where people can gather. Each centre implements a social action plan, featuring events in partnership with local charities to raise customer awareness or collect donations, such as for WWF Climate Change in Spain. In France, nearly 164 tonnes of food and 22 tonnes of clothing were collected in 2019 for charities such as Emmaüs, Relais, Restos du Cœur, Secours Populaire and the Red Cross. A total of more than 1,600 CSR operations were carried out locally in Carmila centres in 2019, for causes to do with health, well-being, culture, solidarity and – in partnership with Carrefour – the food transition.

" I was looking for funding to develop my Les Petits Pots de Léo project, producing 100% organic pots of baby food made using local products. In partnership with MiiMOSA, the Toulouse Purpan shopping centre helped me raise the funds I needed alongside a crowd-funding campaign on #JeParticipe, the Carrefour platform."

Émilie ROQUES
Les petits pots de Léo Project Founder

INCREASE CUSTOMER AWARENESS OF SHOPPING CENTRES ON DIGITAL PLATFORMS

To optimise the online presence of its 215 shopping centres and improve local SEO, in 2019 Carmila strengthened its partnerships with start-up that have expertise in these areas, such as Partoo (Localoo in Espagne), a specialist in making companies visible online. These teams help centre managers with their Google My Business pages. The idea is to supply Internet users with information that is always correct and consistent, regardless of the platform or the search engine they use. This service, that Carmila wants to extend

to stores in its centres, has already proved its worth: 101.5 million searches resulted in the Google My Business pages of Carmila shopping centres being displayed in 2019 – a 188% increase compared with 2018.

" Listing and updating all store information on as many platforms as possible is a priority, at the core of tenants' digital strategy."

Patrice BARBESIER
Partoo Marketing Director

LOCAL DIGITAL MARKETING: EXTRA SUPPORT

Always there to offer retailers and shopkeepers the best digital solutions, *Le Kiosque* has considerably boosted action in this area. The number of local and multi-local initiatives organised for them has increased, from 420 marketing solutions introduced at sites every month in 2018 to more than 760 in 2019. In parallel, Carmila has continued to improve retailers' and tenants' knowledge of major local marketing challenges by holding new Smart Shopping events, meetings offered in Paris and in the regions to share best practices in marketing, for example in terms of *presence management,* drive-to-store and social content.

> **" Those who follow the shopping centre's Facebook and Instagram pages** form a genuine community that can no longer be ignored when there is an event in store. We have everything to gain from making use of the centre's social media accounts when we're having an event!"
>
> **CULTURA ÉVREUX**

PERFORMANCE INDICATORS

2.8 million
opt-in contacts that can be used in the customer databases
+25% vs 2018

238 million
impressions of the 58,000 Facebook posts published by Carmila centres

101 million
searches for Google My Business shopping centre pages
+188% vs 2018

760 operations
local digital marketing operations organised for retailers by *Le Kiosque* every month

+8.4 points
of sales outperformance for stores supported by more than 6 *Le Kiosque* campaigns in 2019, for an investment of at least €2,000 versus their network

25
local ambassadors
X 5 vs 2018

THE STRENGTH OF MICRO-INFLUENCING

In 2019, Carmila launched season 2 of its programme to recruit local Shop'Influence ambassadors. Chosen from among the customers at each centre, the role of these micro-influencers is to test stores' products and services and then share their photos, posts and opinions on their blogs or Facebook and Instagram pages. This type of micro-influencing, ultra-targeted for each catchment area, helps to strengthen the link between the shopping centre and its local communities. There are 25 centres in France and Italy that now have local influencers, including Labège 2 near Toulouse, BAB2 in Biarritz and MareMonti in Tuscany.

> **"I'm proud to be the ambassador for the MareMonti centre** and to be able to test and showcase the products sold by retailers. Great experiences that I bring to my community!"
>
> **@AVIOTTIELENA**
> Italian influencer

Innovating and investing for tomorrow

In a digital world, where retail is changing, regions are becoming urbanised and environmental awareness is on the increase, Carmila is thinking about tomorrow and reinventing itself permanently by opting for useful innovation. With a unique entrepreneurial approach, the company is exploring new paths and new sectors and – alongside retailers – is developing services to improve the customer experience, always aligned with the expectations of regions and its inhabitants.

OUR STRATEGY

"Around our core, traditional business, we are developing a wide selection of innovative projects to better serve our customers while preparing for the future."

Géry ROBERT-AMBROIX
Deputy Chief Executive Officer

In addition to the acquisition of new assets that will allow the company to take advantage of opportunities to create value and strengthen its regional network, Carmila's growth potential is also to be found within its own sites. This is about identifying new ways to create value by offering innovative solutions that serve both retailers and consumers. And is why, alongside its traditional roles of asset management, building the commercial offering and marketing initiatives, Carmila is introducing a whole range of innovative projects and activities. Driven by new roles and new areas of expertise, these projects will revitalise the company's offering, adding new services or additional retail options. Bringing meaning and growth, useful and aligned with consumer needs and regional expectations, they have one goal: to strengthen proximity and make everyday life easier for retailers and customers in all regions.

A vital and in-demand entrepreneurial culture

When it comes to developing new activities, Carmila has two major advantages.
The first is its unique entrepreneurial culture. The company's teams are dynamic and driven by a true flair for retail and promoting assets. At Carmila, entrepreneurship is more than a state of mind... it is a belief in a necessity: it is by innovating that we can continue to grow. It is the sustainability of the company's assets and the regions where it operates that are at stake. The second is the exceptional potential of its assets in terms of the strategic location and the land reserves transferred by Carrefour around centres.

Co-investing in future projects

Carmila's growth projects are organised into three focus areas. First, the creation of joint ventures with promising retailers. Carmila invests alongside talented business owners. As a genuine brand booster, these partnerships promote an updated, diverse merchandising mix in centres. Using the same model of financial partnership with professionals, it is launching a health care offering in its centres – something which is much anticipated by consumers. As part of the Pharmalley project, four pharmacies have been opened this year.

Finally, via its companies LouWifi, founded in 2017, and more recently Lou5G, Carmila is continuing to expand the roll-out of high-quality Wi-Fi in its centres and mobile telephone masts on its land. These activities allow it to develop its sites while providing connectivity for customers and regions.

— The Business Development team has expertise and a varied range of talents that can be put to use when developing new activities.

First steps into healthcare at centres

To bolster its neighbourhood offering and meet strong demand from consumers and regions for practical and useful services, in 2019 Carmila began to roll out a healthcare offering at its shopping centres.

As bustling hubs at the heart of urban areas which are accessible and feature free parking, shopping centres are particularly well suited to offering health care options. And it is an idea that is popular with consumers: 57%* of Carmila customers would consider visiting a medical practice in their shopping centre if it had one.
The challenge for Carmila is to offer a selection of services delivered by high-quality professionals, mainly through pharmacies operating alongside the existing opticians in centres. The first step was taken in 2019 with the creation, using the proven model of financial partnership with professionals, of Pharmalley, a company that supports talented people who run pharmacies. Four sales outlets already take advantage of this support at shopping centres in Laon, Annecy, Saint-Jean-de-Luz and La Roche-sur-Yon, or will soon be able to. The launch of dental services is also currently under consideration. The goal is to offer, a few years from now, comprehensive healthcare, covering everything from preventive to specialist healthcare and first aid.

* Source: The Carmila Shopping Lab – 499 respondents – 2019

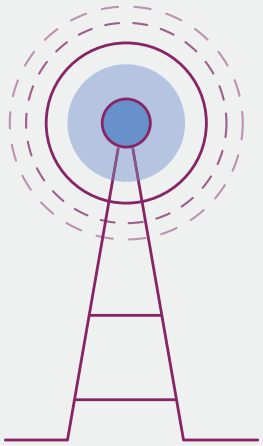
"The success of our Health Hubs in our centres is largely based on collaboration with exceptional local and national partners. Committed, serious professionals who are recognised as such by both patients and their peers."

Alexandre BARILLET
Business Development Director

Helping to reduce the digital divide

For Carmila, the establishment of subsidiaries LouWifi and Lou5G is a way to enhance the value of its sites, while helping to reduce the digital divide.

Having access to digital technology so that you can stay in contact with the world anywhere, at any time, is now a factor in social integration. To give as many people as possible this opportunity, even in areas where there is very little coverage, Carmila relies on the expertise it has acquired in fibre optics by introducing its digital strategy in order to offer a free, ultra-high-speed Internet service in its shopping centres, through its subsidiary LouWifi. The creation of Lou5G in 2019 is part of the same objective: to reduce the digital divide and promote the best possible mobile telephone service in and around its centres by installing 5G antennas on its land. Partnerships have been agreed with France's four major mobile telephone operators, and this has already resulted in the installation of 24 antennas this year.



130

A FIRST AGREEMENT SIGNED WITH THE FOUR OPERATORS HAS GIVEN PLACE AT A FIRST PHASE OF DEVELOPMENT OF 130 ANTENNAS.

2019 HIGHLIGHTS

INVESTING IN RETAIL CONCEPTS THAT HAVE A FUTURE

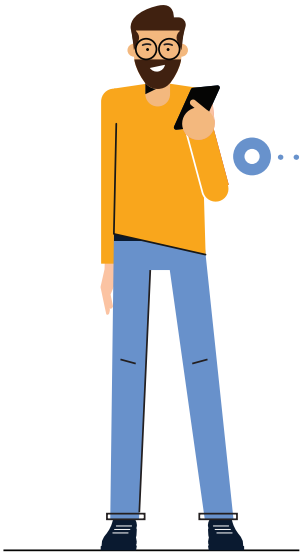
Carmila invests in talented entrepreneurs, creating a unique economic model to help them get off to a successful start. To support retailers that it believes have a promising future, Carmila has opted for a model unlike any other on the market: the creation of joint ventures. The principle is straightforward: through Carmila Retail Development, its investment subsidiary, it acquires a minority stake in the retail concepts that it is confident have potential, and that are based on concepts that are aligned with its shopping centres. It then supports them by funding the work required to open new stores in shopping centres, and by offering them a wide range of advice on issues such as fitting out sales outlets, marketing and business development. This human and financial support helps brands to develop more quickly and successfully. Launched in 2017 with La Barbe de Papa (French hairdresser-barber), the model is being rolled out with three other tenants: Cigusto (e-cigarettes), Indémodable (shoes) and Centros Ideal (esthetic centre) in Spain. A total of 71 stores have already been opened. Carmila is continuing its search for promising retail concepts and aims to be working with a portfolio of 15 to 20 partners within five years.

"Since we created Centros Ideal, our sole aim has been to grow and expand. In this regard, our agreement with Carmila is a fantastic opportunity and we are continuing our expansion as a leader in the beauty sector."

CENTROS IDEAL

"We wanted to create a different kind of barber, with locations in shopping centres only."

LA BARBE DE PAPA



BUSINESS DEVELOPER ROLE

Sourcing of promising retail concepts, rolling out Wi-Fi, installing 5G antennas, developing a healthcare offering: Carmila's business is evolving, and so are the roles in which people work. Identifying new concepts, creating value by launching new related activities that complement the core commercial property business is the role of business developers.

True "intrapreneurs", these people create businesses within the business, capitalising on its intrinsic advantages, such as its surface area, car parks, roofs and the traffic generated by sites. Encouraged by an open managerial policy and a corporate culture focused on the future, business development is a unique activity that is synonymous with driving growth for Carmila.

here we act

ENRICHING THE CUSTOMER EXPERIENCE THROUGH PARTNERSHIPS WITH INNOVATIVE START-UP

For Carmila, useful innovation means putting forward simple and practical solutions to improve the customer experience. This involves close collaboration with young entrepreneurs who are helping to build the world of tomorrow. At a time when shopping centres need to become truly living spaces, open and omni-channel, Carmila is strengthening its partnerships with local high-tech start-up incubators. This involves establishing local routes, optimising site management and improving the visitor experience.

In 2019, it renewed its collaboration with IoT Valley in Toulouse, with which it is now involved in several innovative projects based on the internet of Things. It also entered into partnerships with the Rennes French Tech, start-up Codeploy in Italy and the University of Majorca in Spain.

Furthermore, in 2019, Carmila won the *Business Immo* digital innovation prize in recognition of its use of the IoT for its building management systems and the development of its collaborative platform for managing environmental issues and risks.

Useful innovation also means addressing the challenges of the green, social and inclusive economy. To help combat waste, Carmila has started working with Too Good To Go. In 2019, 70,000 baskets of food products with short expiry dates were saved from going to waste, thanks to this partnership involving 130 retailers in 87 partner centres. Baskets are ordered directly from the website of a nearby participating shopping centre.

With the same aim of reducing waste, Carmila has signed an agreement with Bilum, an eco-friendly company specialised in *upcycling*, to give a second life to tarpaulins used on construction sites. Once salvaged and recycled, they are transformed into gifts for customers.

PERFORMANCE INDICATORS

71 shops

opened by 4 retail concepts supported by Carmila Retail Development – La Barbe de Papa, Centros Ideal, Cigusto, Indémodable – including 56 in our centres, for total revenues of €2.1 million

8 000

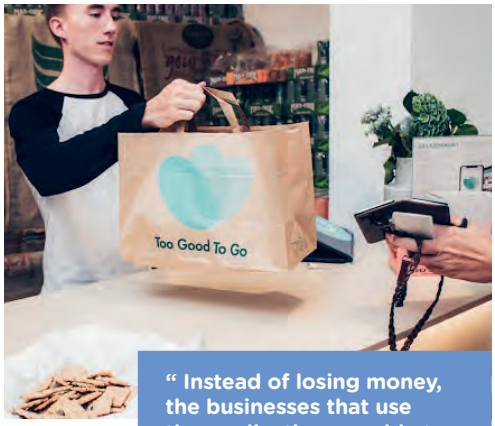
connections / day to LouWifi, the Wi-Fi service in our centres

130 antennas

A first agreement signed with the four operators has given place at a first phase of development of 130 antennas.

130 retailers

in Carmila centres are partners of Too Good to Go as of 31/12/2019



“ Instead of losing money, the businesses that use the application are able to do something useful with their unsold products. They also generate new traffic and attract new customers.”

Stéphanie MOY
Manager, Too Good To Go

Operating centres that are useful to consumers, retailers and regions

During a period of profound structural change, we are working today and will innovate tomorrow to transform our shopping centres into communities, local hubs where people can gather.

2019 was an extremely eventful year for Carmila. We must now make what we do more meaningful, so that it forms part of a long-term vision. The drafting of our purpose statement, in which we involved retailers, tenants and employees, was an opportunity to do some fundamental thinking about who we are and what we want to be in the future.

Proximity: vital today, vital tomorrow

The transformation of retail, a search for very close proximity, digitalisation, urbanisation, mobility, diversity, solidarity, sustainable consumption, the environment: to simplify life for tenants and consumers and meet regional challenges, today everything points to a need to create ecosystems that are closer to customers. Having always integrated these challenges, we have had a head start. To offer everyone a unique buying experience and maintain our leading position locally, our priority will always be to operate shopping centres that are rooted in their regions, integrated within their environments, connected to and complementing e-commerce, while still being accessible, welcoming, human in scale, and well-thought-out in terms of both design and day-to-day operation.

Towards mixed-use projects

By continuing to invest alongside tenants with a promising future, by rolling out healthcare services and helping to reduce the digital divide with Lou5G, we are gradually transforming our shopping centres into places of living.

Our programme of responsible initiatives *Here we act* will guide us towards this objective over the coming years. But to address the challenges of socio-demographic, health and public utility, social and solidary economy and new usages, we must go further still, and think about each of our acquisitions, extensions and redevelopments in a different way. We must explore new purposes for our centres and begin the transformation of our assets by integrating housing and tertiary activities: offices, charitable premises, third places, serviced residences, hotels, business centres and so on.

A winning partnership with Carrefour

These large-scale, complex projects will require fundamental changes to be made, which means that, starting now, we will need to examine their legal and economic feasibility. To deliver them, we have two major advantages: our decentralised regional organisation and our real estate, particularly around sites, which we own together with our partner Carrefour. We are working towards shared interests, and this strategic alignment will enable us to plan our projects securely and exclusively.

2.

Assets and valuation

2.1 Competitive advantages

2.1.1 A major player in the Continental European shopping centre real estate sector

With more than €6.4 billion in assets and 215 shopping centres and retail parks located in France, Spain and Italy, Carmila is the number one listed company in shopping centres adjacent to large food retail brands in continental Europe, and the third largest listed company in commercial property by market value of its assets at 31 December 2019.

Carmila has a broad portfolio of assets, with strong local leadership in their respective catchment areas. With the quality and positioning of its shopping centres, reinforced by a renovation plan for its centres based on the "Air de Famille" concept, Carmila offers tenant retailers space located in modern shopping centres, designed to fulfil the requirements and expectations of consumers. The type of shopping centres held by Carmila is very diversified, thus enabling the main national and international brands to work in several formats, while providing local retailers with an attractive showcase environment.

2.1.2 Asset leadership at the heart of the Carmila strategy

Local asset leadership lies at the heart of Carmila's strategy: the vast majority of Carmila's shopping centres are leaders or co-leaders in their respective catchment areas. At 31 December 2019, Carmila had 157 leader or co-leader shopping centres, representing 88% of its portfolio. Leader or co-leader status in a catchment area provides a competitive advantage in facilitating the marketing of retail space to brands seeking significant and sustainable footfall in a dynamic, high-quality commercial environment.

Renovation programme

Over the 2014-2018 period Carmila completed its renovation programme for a total investment of €350 million, of which €90 million was provided by Carmila and €260 million financed by the Carrefour group, generally the main co-owner of Carmila's sites. By 2019, almost all of the sites were renovated; centres not renovated at this date, or recently acquired will be renovated shortly.

Carmila undertook €6.2 million of renovation work on its asset base in 2019, in particular for the Rennes Cesson, Bourg-en-Bresse and Guéret sites. All sites were delivered at the end of 2019.

Dynamic letting strategy

Carmila also improved the commercial power of its centres, with more than 4,800 leases signed over the 2014-2019 period (of which 874 in 2019) and a consolidated financial occupancy rate of 96.3% at 31 December 2019 against 86.1% at 16 April 2014. Carmila has endeavoured to attract strong retail brands and concepts to make its shopping centres more attractive. The opening of temporary "pop-up" stores and the development of specialty leasing is also helping to reinforce the leadership of its shopping centres by diversifying offerings to satisfy consumers seeking new products and innovative concepts.

Expansion pipeline for shopping centres

Since its creation in April 2014, Carmila has delivered 19 extensions for a surface area of 162,306 sq.m and an investment of €435 million. Rent creation generated by these extensions was €31.4 million and the average Carmila yield on cost was 7.2% (incorporating the purchase of the share owned by Carrefour).

For the 2020-2024 period, Carmila's expansion pipeline includes 19 projects representing a total forecasted investment of €1.3 billion at 31 December 2019.

Developed jointly with Carrefour Property, these expansion projects enable Carmila to make its shopping centres more attractive, by adapting to retailers' needs and to those of their customers. In particular, these extensions will facilitate the opening of medium-sized retailers in shopping centres, real traffic drivers complementing Carrefour hypermarkets, increasing footfall and enhancing the appeal of these centres.

Targeted acquisitions

Between 2014 and 2019, Carmila acquired 37 shopping centres adjacent to Carrefour hypermarkets in France, Spain and Italy and also acquired several units in shopping centres that it already owned, for a total of €2.2 billion, almost all of which was carried out through off-market transactions. These acquisitions had an average net initial yield of 5.9%.

2.2 Key figures concerning the portfolio

2.2.1 Description of the portfolio

At 31 December 2019, Carmila had 215 shopping centres and retail parks adjacent to Carrefour hypermarkets located in France, Spain and Italy, valued at more than €6.4 billion including transfer taxes and work in progress, for a total leasable area of close to 1.57 million square meters.

In France, Carmila is the direct or indirect owner of a very large majority of its real estate assets (with the remaining properties held under long-term leases or ground leases), which are either divided into units or held under co-ownership arrangements. In Spain, Carmila holds, directly or indirectly, the full ownership of its assets organised through co-ownership arrangements. All of Carmila's assets in Italy are fully owned, directly or indirectly.

The real estate of Carrefour's hypermarkets and supermarkets, as well as the car parks adjacent to the shopping centres held by Carmila in France, Spain and Italy, are owned by Carrefour group entities.

2.2.2 Presentation of Carmila's most important assets

Out of 215 commercial real estate assets making up Carmila's portfolio, 15 assets represent 38% of the appraisal value (including transfer taxes) and 27% of the gross leasable area at 31 December 2019. The following table shows information on these 15 properties:

Name of centre, city	Year of construction	Year of acquisition	Year of renovation	Total number of units	Carmila group gross leasable area *(sq.m.)*	Carmila Group share per site *(%)*
FRANCE						
BAB 2 – Anglet	1967	2014	2017	124	27,016	52.4%
Bay 2	2003	2014	-	103	21,041	37.0%
Calais – Coquelles	1995	2014	2019	152	51,167	77.6%
Chambourcy	1973	2014	2015	70	21,343	44.0%
Évreux	1974	2014	2017	76	37,781	57.0%
Montesson	1970	2014	-	61	13,175	32.8%
Orléans Place d'Arc	1988	2014	2018	69	13,590	53.6%
Ormesson	1972	2015	2018	123	26,696	14.5%
Perpignan Claira	1983	2014	2015	78	21,038	52.1%
Saran – Orléans	1971	2014	2017	90	38,846	64.2%
Thionville	1971	2016	-	162	28,348	62.9%
Toulouse Labège	1983	2014	-	129	22,219	44.9%
Vitrolles	1971	2018	-	85	24,275	55.2%
Total France				**1,322**	**346,533**	
SPAIN						
Fan Mallorca	2016	2016	2016	104	38,141	75.0%
Huelva	2013	2014	2013	93	34,036	82.4%
Total Spain				**197**	**72,177**	
TOTAL				**1,519**	**418,710**	

For a detailed presentation of Carmila's portfolio of commercial assets, see "Detailed Presentation of the Operating Asset Base of Carmila at 31 December 2019".

2.2.3 Classes of assets by type

At 31 December 2019, Carmila held 157 "leader" or "co-leader" shopping centres (as defined below) in their catchment areas (representing 74% of the total number of Carmila's shopping centres and 88% of its portfolio in terms of appraisal value, including transfer taxes).

A shopping centre is defined as a "leader" if (i) it is the leader in its commercial area by the number of commercial units (source: Codata database, 2019) or (ii) it includes, for shopping centres in France, more than 80 commercial units or, for shopping centres in Spain or Italy, more than 60 commercial units.

A shopping centre is defined as a "co-leader" if (i) it is not a "leader" and (ii) (x) it includes the leading hypermarket in its commercial area (for France and Italy) in terms of revenues or for Spain in terms of leasable area (source: Nielsen database) or (y) the annual revenue (incl. VAT) of the adjoining hypermarket is over €100 million for hypermarkets in France or €60 million for hypermarkets in Spain or Italy.

Gross Asset Value (GAV) Including transfer taxes (ITT) of portfolio	GAV ITT at 31/12/2019 (€M)	% Market value	Number of sites
Leader	3,154.2	68%	54
Co-Leader	916.9	20%	31
Other*	544.2	12%	44
France	**4,615.3**	**100%**	**129**
Leader	828.8	57%	31
Co-Leader	470.4	32%	35
Other*	150.1	10%	12
Spain	**1,449.3**	**100%**	**78**
Leader	167.6	47%	3
Co-Leader	99.1	28%	3
Other*	90.2	25%	2
Italy	**356.9**	**100%**	**8**
Leader	4,150.6	65%	88
Co-Leader	1,486.4	23%	69
Other*	784.5	12%	58
TOTAL	**6,421.5**	**100%**	**215**

** Local centres, isolated units.*

2.3 Asset valuation

2.3.1 Trends in the commercial real estate market and the competitive environment

Commercial real estate is defined as all properties owned by professionals who do not occupy them and who draw income from them on a regular basis. Such properties fall into several categories:

- business properties, which make up the majority of commercial real estate assets. Business properties can be divided into four large classes each covering different segments: (i) offices, (ii) retail (high street shops, shopping centres and retail parks), (iii) industrial and logistic premises for designing, producing and storing goods (warehouses, production premises etc.), and (iv) service properties, i.e. hotels, health and leisure establishments;
- other non-residential properties, such as car parks; and
- residential properties (other than publicly-owned housing entities), including multi-family residential properties.

The shopping centre segment has a dynamic and resilient profile with highly visible cash flows supported by a solid, indexed revenue base, low vacancy levels notably due to the lease right ownership in France (which encourages tenants wishing to terminate an on-going lease to look for their successors themselves) or the restrictive legislation on new developments (e.g. in France the authorisations required from the Departmental Commission on Commercial Development) and the risk sharing across a large number of sites and leases. It also offers the ability to create value by focusing on merchandising and shopping centre management, renewal and letting negotiations, and by engaging in programs to renovate, restructure, and extend sites to improve their competitiveness.

Retail property is sensitive to the macroeconomic climate (notably growth, inflation, level of employment and household expenditure, which impacts prices, the number of transactions, the vacancy and default rates and rent changes, etc.) and to arbitrations with other classes of financial assets.

The shopping centre market in France

2019 ended with investment in the retail sector amounting to €4.7 billion, up by 2.2% compared to 2018. 2019 was marked by the stability of the rental values and the maintaining of investment at a low level according to CBRE, who notes that, similarly to 2018, a reduced number of large-scale transactions represented a substantial proportion of the year's investments.

The shopping centre market in Spain

Capital invested in Spain in the commercial real estate sector amounted to nearly €2.1 billion in 2019, significantly below 2018, due in particular to a lack of opportunities to purchase prime assets on the Spanish market. It should be noted that the month of December alone accounts for nearly a quarter of the invested amount (€475 million), due to the sale of the Puerto Venecia centre by Intu to Generali – Union. The slowdown in the pace of transactions is also attributable to changes in purchasing habits leading to uncertainty with regard to future gross rental income according to Cushman & Wakefield. However, investors in shopping centres remain attracted to quality assets, that still exist on the market, and that may lead to increased footfall and rental income.

The shopping centre market in Italy

According to CBRE, the retail sector represented almost 16% (vs. 25% in 2018) of total investment in the property sector in Italy in 2019 for a value of €2.0 billion. The amounts invested in shopping centres declined compared with 2018 due to a lack of prime assets available on the market.

Carmila's competitive environment and positioning

Carmila assesses its competition on a shopping centre by shopping centre basis, in a given catchment area, depending on the site's attractiveness to consumers and retailers and if necessary, taking other retail formats, such as town centre shopping areas in the same catchment area into account. A site's attractiveness may also be measured compared to national or international networks, for large retail brands.

These competing properties are held by a number of different companies, including:

- institutional investors (insurance companies, pension funds, other asset managers, such as Allianz, APG, NBIM);
- real estate companies, most of which are REITs (Real Estate Investment Trusts, for example listed real estate companies specialising in retail, such as Unibail-Rodamco-Westfield, Klépierre, Altarea Cogedim, Mercialys and Eurocommercial Properties, or unlisted companies, such as Ceetrus, as well as real estate companies with more diversified portfolios, such as Merlin Properties);
- funds dedicated to professional investors or retail funds focusing on individual investors (for example Amundi, AXA Real Estate, CBRE Global Investors, etc.);
- private equity funds (such as Blackstone and KKR); and
- family funds (funds managed by family offices or family real estate companies).

Competition among the participants in the shopping centre market impacts acquisitions of existing shopping centres and the development and creation of new shopping centres. Carmila benefits from access to a wide range of development and acquisition opportunities because of its special relationship with the Carrefour group.

2.3.2 Appraisals and methodology

The investment properties that comprise Carmila's assets are initially recognised and valued individually at the cost of construction or acquisition, including expenses and taxes, then subsequently at their fair value. Any variation is recognised in the income statement.

The fair values used are determined on the basis of the conclusions of independent experts. Carmila uses appraisers to value the whole of its asset portfolio at the end of every half-year. The assets are inspected by the appraisers annually. The expert valuations comply with the guidance contained in the RICS Appraisal and Valuation Manual, published by the Royal Institution of Chartered Surveyors ("Red Book"). In order to conduct their work, the appraisers have access to all the information required for valuation of the assets, and specifically the rent roll, the vacancy rate, rental arrangements and the main performance indicators for tenants (revenues).

They independently establish their current and future cash flow estimates by applying risk factors either to the net rental income capitalisation rate or to future cash flows.

For buildings under construction, the valuation takes into account work in progress as well as the increase in fair value compared to the total cost price of the project (IPUC). Investment properties are subject to an appraisal while under construction to determine their fair value on the opening date. Carmila considers that a development project may be valued reliably if the following three conditions are simultaneously fulfilled (i) all of the administrative authorisations necessary to complete the extension have been obtained, (ii) the construction contract has been signed and the works have begun and, (iii) uncertainty concerning the amount of future rent has been eliminated.

The appraisers appointed by Carmila are as follows:

- in France: Cushman & Wakefield and Catella;
- in Spain: Cushman & Wakefield and Catella;
- in Italy: BNP Paribas Real Estate.

2.3.2.1 Comments on the scope

- 28% of the sites in France and 21% of the sites in Spain (in numbers) were rotated between the appraisers Cushman & Wakefield and Catella in 2019.
- Assets acquired in 2018 and extensions delivered in 2018 were included in the portfolio at their appraised values.
- In the second half of 2019, Carmila delivered the Rennes Cesson extension; this extension is recognised at 31 December 2019 at its appraised value.
- Carmila did not acquire any new shopping centre during 2019.
- For ongoing extensions (Nice Lingostière) works in progress were recognised in the financial statements as investment properties carried at cost; the value creation above the cost price (IPUC) was recognised.

2.3.3 Geographical segmentation of the portfolio

The valuation of the portfolio (Group share) was €6,421.5 million, including transfer taxes, at 31 December 2019 and breaks down as follows:

Gross Asset Value (GAV) Including transfer taxes (ITT) of portfolio	31/12/2019		
Country	*In millions of euros*	*%*	*In number of assets*
France	4,615.3	71.9%	129
Spain	1,449.3	22.6%	78
Italy	356.9	5.6%	8
Total	**6,421.5**	**100%**	**215**

Apart from the fair values determined by the experts for each shopping centre, this assessment takes into account assets under construction that amounted to €68.8 million at 31 December 2019 and the share of the Nice Lingostière extension operation margin of €11.7 million.

Also, this valuation includes Carmila's share in the investment properties valued at fair value held in the subsidiaries consolidated by the equity method (As Cancelas shopping centre, at Santiago de Compostela in Spain, taken into account at 50%) which represents €68.2 million.

2.3.4 Evolution of asset valuation

GROSS ASSET VALUE (GAV) INCLUDING TRANSFER TAXES (ITT) OF PORTFOLIO

	31/12/2019							30/06/19		31/12/2018	
	GAV ITT			Change vs. 30/06/19		Change vs. 31/12/2018		GAV ITT		GAV ITT	
	(€M)	*%*	*in number of assets*	*at current scope*	*like for like*	*at current scope*	*like for like*	*(€M)*	*%*	*(€M)*	*%*
France	4,615.3	71.9%	129	1.2%	0.6%	0.3%	-1.3%	4,561.1	71.5%	4,600.3	71.8%
Spain	1,449.3	22.6%	78	-0.9%	-0.9%	0.0%	0.0%	1,462.0	22.9%	1,449.8	22.6%
Italy	356.9	5.6%	8	0.7%	0.7%	0.7%	0.7%	354.3	5.6%	354.5	5.5%
TOTAL	**6,421.5**	**100%**	**215**	**0.7%**	**0.3%**	**0.3%**	**-0.9%**	**6,377.4**	**100%**	**6,404.6**	**100.0%**

During 2019, the total value of Carmila's assets increased by €16.9 million; this variation breaks down as follows:

- the value of the assets, on a like-for-like basis, decreased by -0,9%, i.e. -€56,8 million. The variation on a like-for-like basis includes shopping centres on a comparable basis, excluding extensions over the period; the impact of the increase in capitalisation rates on valuation (-2.2%) is partially offset by the increase in rents over the period (+1.3%);
- other changes are due to the extensions. Projects under construction (Nice Lingostière), are valued by their works in progress as well as their share of the margin (IPUC). Projects delivered (Rennes Cesson) are recognised in the gross asset value at their appraisal value at 31 December 2019. The valuation of the works in progress and IPUC as well as the project delivered in 2019 (Rennes Cesson) is €99.2 million, i.e. a change of +€73.7 million due to extensions in 2019;
- no shopping centre was acquired during 2019.

The annual 2019 variation on a like-for-like basis is broken down by country as follows:

- in France, the variation in value on a like-for-like basis is -1.3% which corresponds to -€59.0 million: the impact of the decompression of the capitalisation rates of -2.3% is partially offset by the +1.0% revaluation of rents;
- in Spain, the valuation on a like-for-like basis is stable, the impact of the decompression of the capitalisation rates (-2.2%) is entirely offset by the increase in rents (+2.2%);
- in Italy, the value of the assets, on a like-for-like basis, increased by +0.7%, i.e. +€2.4 million. The impact of the change in capitalisation rates is low (-0.3%) and the increase in rents is +1.0%.

2.3.5 Changes in capitalisation rates

	NIY			NPY		
	31/12/2019	30/06/2019	31/12/2018	31/12/2019	30/06/2019	31/12/2018
France	5.36%	5.36%	5.22%	5.68%	5.70%	5.54%
Spain	6.41%	6.28%	6.23%	6.54%	6.47%	6.40%
Italy	6.18%	6.16%	6.16%	6.18%	6.16%	6.16%
TOTAL	**5.64%**	**5.62%**	**5.50%**	**5.90%**	**5.91%**	**5.77%**

In 2019, the NPY (Net Potential Yield) is up slightly over the total portfolio: +13 bps; this decompression is more significant in France (+14 bps) and in Spain (+14 bps) while Italy remains stable (+2 bps). The increase was greater in France in the first half of the year while the second half remained stable. In Spain, the annual rise in NPY was spread over the two half years.

In France, the change in the NPY is 14 bps between 31 December 2019 and 31 December 2018. This increase is the result of two main factors: the impact of market decompression on capitalisation rates (+24 bps) offset by the asset management actions (restructuring and delivery of extensions -9 bps). The impact of the market decompression of capitalisation rates on Carmila's portfolio remains contained, appraisers having emphasised its considerable resilience compared to the market, owing to the full and recent renovation of the portfolio, tenants' occupancy cost ratios, and realistic letting values for vacant premises.

In Spain, the change in the NPY is 14 bps between 31 December 2019 and 31 December 2018. This change is due to a slight market decompression of capitalisation rates.

In Italy, the rates were stable over 2019.

The change in the NIY in the three countries is comparable to the change in the NPY.

2.3.6 Breakdown of the appraisal values by CNCC typology

In accordance with the CNCC typology, the sites are grouped into three categories: regional shopping centres, large shopping centres and small shopping centres (called local shopping centres in this document).

At 31 December 2019, regional shopping centres and large shopping centres accounted for 81% of the market value of Carmila's portfolio.

	Expertise 31/12/2019				
	GAV ITT *(€M)*	% of value	Average net rent *(€/sqm)*	Average vacant ERV	NIY
Regional Shopping Centres	1,659.4	36.0%	310	233	5.1%
Large Shopping Centres	2,123.0	46.0%	267	267	5.2%
Local Shopping Centres	833.0	18.0%	196	123	5.7%
France	**4,615.3**		**261**	**184**	**5.4%**
Regional Shopping Centres	360.3	24.9%	206	123	5.6%
Large Shopping Centres	750.6	51.8%	198	177	6.6%
Local Shopping Centres	338.3	23.3%	289	250	7.0%
Spain	**1,449.3**		**217**	**196**	**6.4%**
Regional Shopping Centres	16.8	4.7%	238		6.1%
Large Shopping Centres	318.5	89.2%	247	n.d.	6.2%
Local Shopping Centres	21.6	6.1%	269		6.5%
Italy	**356.9**		**248**	**n.d.**	**6.2%**
Regional Shopping Centres	2,036.5	31.7%	282	230	5.2%
Large Shopping Centres	3,192.1	49.7%	242	217	5.7%
Local Shopping Centres	1,192.9	18.6%	220	145	6.1%
GRAND TOTAL	**6,421.5**		**247**	**186**	**5.6%**

2.3.7 Reconciliation of the valuation of the assets with the value of the investment properties on the balance sheet

(in millions of euros)	31/12/2019	31/12/2018
GAV ITT of portfolio	6,421.5	6,404.6
Works in progress	-68.8	-62.6
Valuation of the share of equity-accounted investments	-68.2	-69.2
Transfer taxes and registrations (excluding equity-accounted investments)	-317.4	-319.2
Market value excluding transfer taxes (including IPUC) (A)	**5,967.1**	**5,953.7**
IPUC	-11.7	0.0
Market value excluding transfer taxes (excluding IPUC)	**5,955.4**	**5,953.7**
Fair value of BAC (IFRS 16) (B)	34.5	0.0
INVESTMENT PROPERTY CARRIED AT APPRAISED VALUE (BALANCE SHEET, INCLUDING IPUC) (A+B)	**6,001.6**	**5,953.7**

2.4 Overview of valuation reports prepared by the independent external appraisers of Carmila

2.4.1 General context of the valuation

Context and instructions

In accordance with Carmila's instructions ("the Company") as detailed in the signed valuation contracts between Carmila and the Appraisers, we have valued the assets held by the Company, taking account of their ownership (freehold, ground lease, etc.). This Summary Report has been prepared for inclusion in the Company's annual report.

The valuations were undertaken locally by our valuation teams present in each market. In order to estimate the market value for each asset, we have not only taken into consideration domestic retail investment transactions but have also considered transactions on a European level. We confirm that our valuations have been prepared in a similar way to other valuations undertaken in Europe, in order to maintain a consistent approach and to take into consideration all the market transactions and information available.

The valuations are based on the discounted cash flow method and the capitalisation method, that are regularly used for these types of assets.

Our valuations were undertaken at 31 December 2019.

Reference Documents and General Principles

We confirm that our valuations were undertaken in accordance with the appropriate sections of the June 2017 Edition (effective from 1st July 2017) of the RICS Valuation – Global Standards 2017 (the "Red Book"). This is a valuation basis accepted on an international level. Our valuations are compliant with the IFRS accounting standards and the IVSC standards. The valuations have also been prepared on the basis of the AMF recommendations on the presentation of valuations of real estate assets owned by listed companies, published on 8 February 2010. Furthermore, they take into account the recommendations of the Barthès de Ruyter report on valuation of real estate owned by listed companies, published in February 2000.

We confirm that we have prepared our valuations as independent external appraisers, as defined by the Red Book standards published by RICS.

Basis of Valuation

Our valuations correspond to the Market Value and are reported to the Company as both gross values (market value before deduction of transfer costs) and net values (market value after deduction of transfer costs).

2.4.2 Valuation considerations and assumptions

Information

The Company's management was asked to confirm that the information provided relating to the assets and tenants is complete and accurate in all significant aspects. Consequently, we have assumed that all relevant information known by our contacts within the Company that could impact value has been made available to us and that this information is up to date in all significant aspects. This includes running costs, works undertaken, financial elements, including turnover rents, lettings signed or in the process of being signed and rental incentives, in addition to the list of let and vacant units.

Leasable areas

We have not measured the assets and have therefore based our valuations on the leasable areas that were provided to us.

Environmental analysis and ground conditions

We have not been asked to undertake a study of ground conditions nor an environmental analysis. We have not investigated past events in order to determine if the ground or buildings have been contaminated. Unless provided with information to the contrary we have worked on the assumption that the assets are not and should not be affected by ground pollution and that the state of the land will not affect their current or future usage.

Town planning

We have not studied planning consents or other permits and have assumed that the assets have been built and are occupied and used in conformity with all necessary authorisations and that any outstanding legal issues have been resolved. We have assumed that the layout of assets conforms to legal requirements and town planning regulations, notably concerning the structural materials, fire safety and health and safety. We have also assumed that any extensions in progress are being undertaken in line with town planning rules and that all necessary permissions have been obtained.

Titles deeds and tenancy schedules

We have relied upon the tenancy schedules, summaries of complementary revenues, non-recoverable charges, capital projects and the business plans that were provided to us. We have assumed, with the exception of what may be mentioned in our individual asset reports, that the assets are not inhibited by any restriction which could impede a sale and that they are free from any restrictions or charges. We have not read the title deeds and have considered as correct the rental, occupational and all other relevant information that has been provided to us by the Company.

Condition of the assets

We have taken note of the general condition of each asset during our inspection. Our instruction does not include a building or structural survey but we have indicated in our report, where applicable, any maintenance problems that were immediately apparent during our inspection. The assets have been valued based on the information provided by the Company according to which no deleterious material was used in their construction.

Taxation

Our valuations were undertaken without taking into account potential sales or legal fees or taxes which would come into effect in the case of a transfer. The rental and market values produced are net of VAT.

2.4.3 Confidentiality and disclosure

Finally, and in accordance with our standard practice we confirm that our valuation reports are confidential and are addressed solely to the Company Carmila. We accept no liability to third parties. Neither the whole reports, nor any extracts may be published in a document, declaration, memorandum or statement without our written consent as regards the form and context in which this information may appear. In signing this Summary Report, the valuation firms accept no liability for the valuations carried out by the other firms.

Jean-Philippe Carmarans
Head of Valuation & Advisory France
Cushman & Wakefield Valuation France

Tony Loughran
Partner
C&W Valuation & Advisory, Spain

Simone Scardocchia
Head of Corporate Valuation
BNP Paribas Real Estate, Italy

Jean-François Drouets
Chairman
Catella Valuation

Ana Flores
Head Of Valuation
Catella Property Spain S.A.

2.5 Extension pipeline at 31 December 2019

2.5.1 Developments

In each of its markets, Carmila continues to implement its extension programme for high-potential shopping centres, and is also performing restructuring operations to optimise its centres, increase their yield and enhance their leadership.

Pursuant to the Renovation and Development Agreement, extension projects are developed jointly by Carmila and Carrefour. Initially, extension projects are researched and defined jointly by a partnership committee. Once the pre-rentals of the extension project are deemed satisfactory (approximately 60%), a final project package is submitted to the relevant decision-making bodies of Carmila and Carrefour for approval and the start of work. In order to ensure that the interests of both parties are met, the Renovation and Development Agreement provides that the financing costs and the development margin achieved for each development project will be divided equally (50% each) between Carmila and Carrefour.

Once opened to the public, put and call options enable Carmila to purchase the entire extension jointly developed with Carrefour.

2.5.2 Development pipeline

The 2020-2024 expansion pipeline at 31 December 2019 encompassed 19 projects representing an estimated investment of €1.3 billion and an average yield on cost of 7.2%.[1]

Nine flagship projects represent 90% of the pipeline by value and are based on solid fundamentals:

Nice Lingostière: this shopping centre is adjacent to the third largest Carrefour hypermarket in France, and benefits from an excellent location at the entrance to the Vallée du Var.

Montesson: this shopping arcade is adjacent to the second largest Carrefour hypermarket in France and is located in a very dense catchment area with low competition. The project, for which there is a review clause, will be presented in CNAC during the first half of 2020.

Barcelona – Tarrasa: one of the structuring hypermarkets in the greater Barcelona urban area has strong potential for becoming a regional centre.

Marseille Vitrolles: this centre, acquired by Carmila in 2018, is adjacent to a structuring hypermarket of the greater Marseille area and is a strong competitor for the Plan de Campagne shopping centre, which is in the saturation phase.

Aix-en-Provence: Aix-la-Pioline shopping centre is adjacent to a powerful hypermarket and has loyal customers in its catchment area.

Thionville: the arcade adjacent to the sole Carrefour hypermarket in Lorraine is located in a highly competitive area close to Luxembourg. The project, comprising a restructuring phase and a promotional phase, will enable the shopping centre to reinforce its regional leadership.

In particular, three out of the nine flagship projects lie within an urban context and have a strong potential for mixed use:

Antibes: this centre adjoins the largest Carrefour hypermarket in France and intends to maintain its top position by leveraging its exceptional location along the A8 motorway and the extension of the tram line. Carmila hopes to develop a mixed-use project here which forms part of the new consumption trends.

Toulouse Labège: this site will benefit from the completion of the Toulouse metro in 2025 and the presence of a co-leader hypermarket to the south of greater Toulouse.

Vénissieux: the fifth largest Carrefour hypermarket in France is a solid leader south of Lyon. The urban front site is an opportunity to develop a mixed office project. The project, with which Jean-Paul Viguier is associated, will also benefit from the openings of Ikea and Leroy-Merlin, which will contribute to an increase of 5 million visits in annual footfall to the area.

During 2019, one project was put on hold: Tourville-la-Rivière in France; and five projects were under review: Chambéry Bassens, Châteauneuf-les-Martigues, Draguignan, and Laon in France, León in Spain.

(1) Investment and yield on cost includes Carmila's share of investment for the 50% of the project for which it is the developer and the purchase price of the 50% owned by Carrefour group.

The following table presents the key information on Carmila's expansion projects for the 2020-2024 period:

Expansion project	Country	Planned area *(sq.m)*	Planned opening date	Estimated cost [1] *(€M)*	Full year additional rental value *(€M)* [2]	Yield [3]	Yield (Carmila share) [4]
2020 PROJECTS							
Nice Lingostière	France	12,791	2020				
Toulouse Purpan	France	1,200	2020				
Coquelles (restructuring)	France	6,000	2020				
Laval	France	5,600	2021				
Total Projects 2020		**25,591**		**118.4**	**8.0**	**8.1%**	**6.8%**
FLAGSHIP PROJECTS							
Vitrolles	France	16,352	2022				
Tarrassa	Spain	40,000	2022				
Montesson	France	31,217	2023				
Aix-en-Provence	France	5,978	2023				
Thionville	France	4,161	2023				
Antibes	France	35,968	2024				
Toulouse Labège	France	25,231	2024				
Venissieux	France	42,965	2024				
Total flagship projecs		**201,872**		**1,086.8**	**64.6**	**7.1%**	**5.9%**
OTHER CURRENT PROJECTS							
Puget-sur-Argens (restructuring)	France	1,513	2021				
Roanne Mably	France	2,788	2021				
Burgos	Spain	5,000	2021				
Francheville (stripmall)	France	3,430	2022				
Thiene	Italy	9,600	2022				
Nantes Beaujoire	France	6,200	2023				
Orléans Place d'Arc	France	10,528	2023				
Total other current projects		**39,059**		**104.4**	**7.4**	**7.6%**	**7.1%**
Total projects controlled [5]		**266,522**		**1,309.7**	**80.0**	**7.2%**	**6.1%**
Projects being studied (12 projects)							
TOTAL PROJECTS BEING STUDIED		**22,601**					

(1) Total investment represents Carmila's projected share (50% of the investment) plus Carrefour's share (50% of the investment and 50% of the margin) to be acquired upon delivery.
(2) Includes projects for the promotion of extensions excluding restructuring.
(3) Expected net annualised rents divided by the total estimated investment amount (excluding restructuring).
(4) Expected net annualised rents, divided by the total amount of the investment, including transfer taxes and Carrefour's share that is acquired upon delivery (excluding restructuring).
(5) Controlled projects: post-2019 projects for which studies are at a very advanced stage and Carmila controls the land or the building rights, but for which administrative authorisations have not necessarily all been obtained.

2.5.3 2019 Projects

- **Bourg-en-Bresse (01) – Restructuring project of a shopping centre close to the city centre**

At the end of 2019, Carmila delivered the Bourg-en-Bresse restructured centre. The new arcade particularly includes a Go Sport store, and Joué Club, thereby revitalising this centre which has a loyal and recurring customer base.

- **Rennes Cesson (35) – Extension project for a shopping centre benefiting from a strategic location at the entrance to the city**

In November 2019, Carmila inaugurated the extension to the Rennes Cesson shopping centre. The centre is located in the main technology park in the Rennes urban area. The extension enabled the size of the arcade to be doubled, now 12,823 sq.m., housing 70 stores. The extension was delivered entirely let with a differentiating and enriched customer experience in the catchment area. The customer experience was built around several themes including differentiation from local competitors (thanks to retail brands such as Holly's Dinner, Avril, Nicole or Made in Dé), the (re)discovery of regional or local concepts (Bessec, Iona Bis or Macadam Basket), around dynamic customer-focused retail brands (H&M, Mango and Maisons du Monde).

2.5.4 2020 Projects

- **Toulouse Purpan (31) – Creation of a retail park in the Toulouse Purpan shopping centre.**

Following a full renovation of the hypermarket, Carmila will extend its offer within the Toulouse Purpan Carrefour shopping centre in the first half of 2020. Located in an urban environment, the shopping complex will accommodate five new brands (catering, leisure and sport) in the form of a retail park covering 3,100 sq.m.

- **Calais Coquelles (62) – Major restructuring to improve the retail momentum in this historic centre and prime site.**

In the summer of 2020, Carmila plans to complete the restructuring of the shopping mall in the Carrefour Cité Europe shopping centre, located at Coquelles in the urban district of Calais. In particular, the restructuring will include a Primark store, with a sales area of more than 6,000 sq.m on two levels, a direct connection with the cinema and simplification of the customer circuit, thus completing the transformation and relaunch of the retail momentum of this leading site.

- **Nice Lingostière (06) – Extension project for a landmark leisure complex in France's fifth city.**

In the second half of 2020, Carmila plans to open the extension of the Carrefour shopping centre located at Nice Lingostière. The centre is located in a well-known leisure complex offering an appealing range of food outlets, clothing stores and numerous services. The extension will increase the centre's GLA from 7,811 sq.m. to 20,602 sq.m., covering a total of 92 stores.

- **Laval (53) – Extension project for the shopping centre located at the entrance of the city centre.**

In the 2nd half of 2020, Carmila will start to work on the extension project for the Laval shopping centre located very close to the city centre. The extension will increase the centre's GLA by 5,602 sqm and will include 26 new stores, with a renewed and varied offering: leisure goods, clothing and restaurants, in particular a Burger King.

2.5.5 Administrative authorisations

Building permits

A building permit is required in order to construct new buildings or to renovate existing buildings where the renovations change the intended use of the buildings and modify the supporting structure or the facade, or create additional floor area or footprint of more than twenty square meters.

Four building permits were granted for projects in the pipeline:

- Nice Lingostière;
- Toulouse Purpan;
- Calais Coquelles;
- Marseille Vitrolles.

Authorisations to operate retail facilities

An authorisation to operate a retail facility is required for the creation of a store or retail complex with retail space of more than 1,000 sq.m. or for an extension of a store or retail complex that contains or will contain more than 1,000 sq.m. of retail space. This regulation primarily applies to food stores, retailers, and artisanal services.

Projects requiring construction permits are eligible for a "one-stop shopping" procedure in which the project leader files a single application for both the construction permit and authorisation to operate a retail facility.

To date six CDAC/CNAC have been obtained for projects in the pipeline:

- Nice Lingostière – CNAC;
- Toulouse Purpan – CDAC;
- Calais Coquelles – CDAC;
- Laval – CDAC;
- Marseille Vitrolles – CDAC;
- Montesson – CDAC.

2.6 Detailed presentation of the operating asset base of Carmila at 31 December 2019

Name of centre, city	Year of construction	Year of acquisition	Year of renovation	Total number of units	Carmila Group gross leasable area *(sq.m.)*	Carmila Group share per site *(%)*
FRANCE						
Aix-en-Provence	1971	2014	2015	40	8,327	31.3%
Amiens	1973	2014	2014	18	4,432	25.2%
Angers – Saint-Serge	1969	2014	2015	27	5,206	24.5%
Angoulins	1973	2014	2015	34	4,804	22.6%
Annecy Brogny	1968	2014	2015	23	4,444	24.6%
Antibes	1973	2014	2014	35	4,830	22.6%
Athis-Mons	1971	2014	2014	46	10,117	44.9%
Auch	1976	2014	2014	13	928	16.3%
Auchy-les-Mines	1993	2014	2015	27	2,761	26.1%
Auterive	2011	2014	-	19	6,674	36.8%
Bab 2 – Anglet	1967	2014	2017	124	27,016	52.4%
Barentin	1973	2016	-	14	7,403	14.5%
Bassens (Chambéry)	1969	2014	2014	19	2,719	17.1%
Bay 1	2004	2014	-	26	8,767	32.9%
Bay 2	2003	2014	-	103	21,041	37.0%
Bayeux Besneville	1974	2014	2014	9	585	11.0%
Beaucaire	1989	2014	2015	33	6,839	21.4%
Beaurains 2	2011	2014	-	10	4,364	39.8%
Beauvais	1969	2014	2016	15	3,299	21.1%
Berck-sur-Mer	1995	2014	2014	34	11,220	60.3%
Besançon – Chalezeule	1976	2014	2018	30	16,836	52.0%
Bourg-en-Bresse	1977	2014	2019	19	5,845	19.2%
Bourges	1969	2014	2016	49	7,218	31.7%
Brest Hyper	1969	2014	2014	45	18,268	41.0%
Calais – Beau Marais	1973	2014	2015	21	5,123	28.3%
Calais – Coquelles	1995	2014	2019	152	51,167	77.6%
Chambourcy	1973	2014	2015	70	21,343	44.0%
Champs-sur-Marne	1967	2014	2014	19	1,770	15.5%
Charleville-Mézières	1985	2014	2014	26	2,481	17.5%
Château Thierry	1972	2014	2015	9	652	8.8%
Châteauneuf-les-Martigues	1973	2014	2016	21	12,745	12.5%
Châteauroux	1969	2014	2014	24	6,977	22.4%
Cholet	1970	2014	2014	32	5,362	16.9%
Condé-sur-L'Escaut	1987	2014	2015	6	529	9.6%
Condé-sur-Sarthe	1972	2014	2014	33	9,282	71.8%
Crèches-sur-Saône	1981	2014	2015	57	19,008	48.7%
Denain	1979	2014	2016	8	636	6.0%
Dinan Quevert	1970	2016	-	19	3,199	-
Douai Flers	1983	2014	2015	47	7,263	20.7%
Draguignan	1992	2014	2017	26	5,761	39.1%
Échirolles (Grenoble)	1969	2014	2014	32	4,765	20.6%
Épernay	1970	2014	2016	10	1,057	9.0%
Épinal	1983	2014	2016	23	19,122	100.0%
Épinay-sur-Orge	1992	2015	-	1	54	-
Étampes	1983	2014	2015	3	878	7.7%
Évreux	1974	2014	2017	76	37,781	57.0%
Feurs	1981	2014	2019	6	1,025	12.1%
Flers Saint-Georges-des-Groseillers	1998	2016	-	14	1,892	30.8%
Flins-sur-Seine	1973	2014	2014	17	4,663	21.3%
Fourmies	1985	2014	2016	14	1,869	16.1%
Francheville	1989	2014	2015	23	2,433	33.0%

Name of centre, city	Year of construction	Year of acquisition	Year of renovation	Total number of units	Carmila Group gross leasable area *(sq.m.)*	Carmila Group share per site *(%)*
Gennevilliers	1976	2014	2015	17	2,422	14.1%
Goussainville	1989	2014	2015	28	3,175	38.1%
Gruchet	1974	2014	2015	29	11,844	38.7%
Gueret	1987	2014	2019	14	3,410	17.0%
Hazebrouck	1983	2014	2014	15	1,307	17.3%
Hérouville-Ste-Clair	1976	2014	2016	48	14,405	47.0%
La Chapelle-St-Luc	2012	2014	2015	45	21,824	58.0%
La Ciotat	1998	2014	2015	16	619	5.3%
La Roche-sur-Yon	1973	2014	2015	13	1,298	16.4%
Laon	1990	2014	2015	37	8,043	91.1%
Laval	1986	2014	-	37	7,205	42.0%
Le Mans	1968	2014	2014	21	1,919	11.9%
L'Haÿ-Les-Roses	1981	2014	2016	14	568	2.6%
Libourne	1973	2014	2014	19	4,150	18.0%
Liévin	1973	2014	2014	23	3,027	7.0%
Limay	1998	2014	-	9	329	4.8%
Lorient	1981	2014	2014	31	12,424	31.5%
Mably	1972	2014	2017	29	13,293	34.8%
Meylan (Grenoble)	1972	2014	2014	14	1,685	9.2%
Mondeville	1970	2014	-	3	2,401	2.6%
Mondeville HE	2013	2014	-	28	29,834	50.0%
Mont-Saint-Aignan	1987	2015	-	33	3,049	13.8%
Montélimar	1985	2014	2016	8	7,689	34.0%
Montereau	1970	2014	2015	11	867	10.4%
Montesson	1970	2014	-	61	13,175	32.8%
Montluçon	1988	2015	2016	32	3,478	23.0%
Nantes Beaujoire	1972	2014	2015	34	4,648	22.0%
Nantes St-Herblain	1968	2014	2015	13	1,467	12.1%
Nanteuil-Les-Meaux (GM)	2014	2015	-	8	811	100.0%
Nanteuil-Les-Meaux (PAC)	2014	2014	-	5	4,927	100.0%
Nevers-Marzy	1969	2014	2016	56	20,078	49.7%
Nice Lingostière	1978	2014	2014	48	6,493	25.4%
Nîmes Sud	1969	2014	2015	21	2,969	14.4%
Orange	1988	2014	2014	36	5,215	29.3%
Orléans Place d'Arc	1988	2014	2018	69	13,590	53.6%
Ormesson	1972	2015	2018	123	26,696	14.5%
Paimpol	1964	2014	2016	14	2,656	20.8%
Pau Lescar	1973	2014	2017	76	11,977	31.0%
Perpignan Claira	1983	2014	2015	78	21,038	52.1%
Port-de-Bouc	1973	2014	2015	26	6,037	30.6%
Pré-Saint-Gervais	1979	2016	-	19	1,619	-
Puget-sur-Argens	1991	2015	2017	51	4,638	28.4%
Quetigny	2014	2014	-	5	7,365	100.0%
Quimper – Le Kerdrezec	1978	2014	2016	40	8,520	26.1%
Rambouillet	2017	2017	-	4	4,848	-
Reims – Cernay	1981	2014	2016	21	3,393	26.8%
Rennes Cesson	1981	2014	2014	70	12,912	31.0%
Rethel	1994	2016	2017	16	3,381	35.7%
Saint-Jean-de-Luz	1982	2014	2017	15	2,598	33.9%
Saint-Lô	1973	2016	2016	11	1,085	18.5%
Saint-Martin-au-Laërt	1991	2014	2016	9	858	15.6%
Salaise sur Sanne	1991	2014	2014	45	7,197	40.6%
Sallanches	1973	2014	2016	12	1,915	17.0%
Sannois	1992	2015	2015	36	3,810	27.4%
Saran – Orléans	1971	2014	2017	90	38,846	64.2%
Sartrouville	1977	2014	2014	37	5,597	26.6%
Segny	1980	2014	2017	17	3,258	30.0%

Name of centre, city	Year of construction	Year of acquisition	Year of renovation	Total number of units	Carmila Group gross leasable area *(sq.m.)*	Carmila Group share per site *(%)*
Sens Maillot	1970	2014	2016	9	1,848	20.4%
Sens Voulx	1972	2014	2016	7	595	5.8%
St-André-Les-Vergers	1975	2014	2016	7	1,096	5.2%
St Brieuc – Langueux	1969	2014	2017	46	13,924	37.1%
St-Égrève	1986	2014	2014	35	9,389	13.3%
St-Jean-de-Védas	1986	2014	2014	32	3,105	18.6%
Stains	1972	2014	-	26	2,970	16.7%
Tarnos	1989	2014	2014	27	4,108	29.0%
Thionville	1971	2016	-	162	28,348	62.9%
Tinqueux	1969	2014	2015	31	5,917	22.6%
Toulouse Labège	1983	2014	-	129	22,219	44.9%
Toulouse Purpan	1970	2014	2015	45	16,074	36.4%
Tournefeuille	1995	2014	-	20	5,685	39.5%
Trans-en-Provence	1976	2014	2016	28	3,923	31.6%
Uzès	1989	2014	2015	19	1,287	15.3%
Vannes – Le Fourchêne	1969	2014	2014	68	8,924	41.2%
Vaulx-en-Velin	1988	2014	2016	45	6,603	34.3%
Venette	1974	2014	2015	40	6,830	24.8%
Vénissieux	1966	2014	2016	25	4,441	12.0%
Villejuif	1988	2014	2015	34	4,149	4.2%
Vitrolles	1971	2018	-	85	24,275	55.2%
SPAIN						
Albacete – Los Llanos	1989	2014	-	36	7,479	23.3%
Alcala de Henares	2007	2014	2016	21	1,667	17.3%
Alcobendas	1981	2014	2016	46	3,515	23.7%
Alfafar	1976	2014	2015	32	7,175	29.7%
Aljarafe	1998	2018	-	41	11,961	35.8%
Almería	1987	2014	2014	21	1,024	10.0%
Alzira	1991	2014	2017	18	7,712	18.3%
Antequera	2004	2018	2017	58	11,804	65.3%
Azabache	1977	2014	2016	32	5,839	22.4%
Cabrera de Mar	1979	2014	2014	28	14,240	17.9%
Caceres	1998	2014	2015	15	1,514	11.7%
Cartagena	1998	2014	2016	14	1,097	14.5%
Castellón	1985	2014	2015	22	2,664	8.6%
Ciudad de la Imagen	1995	2014	2016	23	2,039	14.2%
Córdoba – Zahira	1977	2014	-	16	996	7.4%
Dos Hermanas (Sevilla)	1993	2014	2017	17	1,411	13.4%
El Alisal	2004	2014	2016	40	15,161	43.9%
El Mirador	1997	2016	-	43	9,845	50.4%
El Paseo	1977	2018	-	57	10,454	18.5%
El Pinar	1981	2014	2014	35	4,360	14.0%
Elche	1983	2014	2015	17	10,086	-
Fan Mallorca	2016	2016	2016	104	38,141	75.0%
Finestrat – Benidorm	1989	2014	2016	23	2,227	16.3%
Gandía	1994	2014	2015	19	2,040	13.3%
Gran Via de Hortaleza	1992	2018	-	69	6,267	27.2%
Granada	1999	2014	2015	26	2,673	15.7%
Huelva	2013	2014	2013	93	34,036	82.4%
Jerez de la Frontera – Norte	1997	2014	2017	46	6,899	37.5%
Jerez de la Frontera, Cádiz – Sur	1989	2014	2016	39	3,994	18.9%
La Granadilla	1990	2014	2014	16	1,029	7.0%
La Línea de la Concepción, Cádiz – Gran Sur	1997	2014	2016	47	8,892	36.5%
La Sierra	1994	2018	-	78	17,611	18.9%
Leon	1990	2014	2016	17	2,486	18.6%
Lérida	1986	2014	2014	12	512	8.8%
Los Angeles	1992	2014	2016	42	6,772	34.4%

Name of centre, city	Year of construction	Year of acquisition	Year of renovation	Total number of units	Carmila Group gross leasable area *(sq.m.)*	Carmila Group share per site *(%)*
Los Barrios Algeciras	1980	2014	2015	28	2,353	16.4%
Lucena	2002	2014	2016	13	1,394	11.4%
Lugo	1993	2014	2017	17	2,201	11.1%
Málaga – Alameda II	1987	2014	2016	31	8,839	37.6%
Málaga – Los Patios	1975	2014	2018	39	6,770	21.4%
Manresa	1991	2018	-	30	2,331	13.1%
Merida	1992	2014	2017	20	2,601	10.4%
Montigala	1991	2016	2018	58	10,668	43.7%
Mostoles	1992	2014	2016	24	3,291	20.1%
Murcia – Atalayas	1993	2016	-	43	11,275	45.2%
Murcia – Zaraiche	1985	2014	2014	23	2,566	14.1%
Oiartzun	1979	2014	2014	14	729	5.5%
Orense	1995	2014	2016	18	4,131	82.9%
Palma	1977	2014	2014	22	579	5.9%
Paterna	1979	2014	2016	18	1,679	9.2%
Peñacastillo	1992	2014	2014	53	10,259	42.0%
Petrer	1991	2014	2016	28	4,056	23.4%
Plasencia	1998	2014	-	13	1,299	11.9%
Pontevedra	1995	2014	2014	16	1,681	13.0%
Reus	1991	2014	2014	27	2,933	21.2%
Rivas	1997	2014	2016	25	2,159	21.5%
Sagunto	1989	2014	-	10	968	11.9%
Salamanca	1989	2014	2016	14	795	7.6%
San Juan	1977	2018	-	29	7,084	24.5%
San Juan de Aznalfarache, Sevilla	1985	2014	2015	34	4,999	21.5%
San Sebastián de los Reyes	2004	2014	2016	21	2,336	12.7%
Sestao	1994	2014	2016	19	1,317	48.8%
Sevilla – Macarena	1993	2014	2016	23	1,882	14.6%
Sevilla – Montequinto	1999	2014	2016	14	9,995	7.7%
Sevilla – San Pablo	1979	2014	2014	29	3,258	15.8%
Talavera – Los Alfares	2005	2014	2016	53	20,506	76.7%
Tarragona	1975	2014	2017	18	3,420	11.4%
Tarrasa	1978	2018	-	37	7,502	31.6%
Torrelavega	1996	2014	2016	17	2,144	9.7%
Torrevieja	1994	2014	2014	16	1,700	11.5%
Valencia – Campanar	1988	2014	2016	29	3,099	16.7%
Valladolid	1981	2014	2017	33	3,272	17.5%
Valladolid II	1995	2014	2017	19	3,551	21.5%
Valverde Badajoz	1996	2014	2015	28	2,688	-
Villanueva	1995	2014	2016	10	687	10.2%
Villareal de los Infantes	1995	2014	2016	13	939	10.3%
Zaragoza	1989	2014	2015	19	4,301	23.4%
As Cancelas wholly-owned (50% of assets held, based on the equity method)	2012	2014	2012	115	50,264	-

Name of centre, city	Year of construction	Year of acquisition	Year of renovation	Total number of units	Carmila Group gross leasable area *(sq.m.)*	Carmila Group share per site *(%)*
ITALY						
Massa	1995	2014	2016	44	8,231	45.9%
Burolo	1996	2014	2016	10	946	10.9%
Vercelli	1987	2014	2016	20	3,098	24.1%
Paderno Dugnano	1974	2014	2019	73	15,508	47.6%
Gran Giussano	1997	2014	2017	48	9,338	47.4%
Thiene	1992	2014	2015	40	6,016	44.7%
Turin	1989	2014	2014	12	1,193	12.7%
Limbiate	2006	2015	-	1	1,923	4.4%
Assago	1988	2015	-	1	2,380	5.0%
Nichelino	1995	2014	2017	66	41,694	27.0%

3.

Activity during the year

3.1 Selected financial information

FINANCIAL INFORMATION FROM THE INCOME STATEMENT

(in millions of euros)	31/12/2019	31/12/2018
Gross Rental income	359.5	340.3
Net Rental Income	333.2	313.7
EBITDA (excluding fair value adjustments)[1]	282.6	264.3
Change in fair value adjustments on investment properties	-90.2	13.6
Operating income	191.8	275.0
Net financial income/(expense)	-58.1	-58.6
Consolidated net income – Group share	108.2	163.6
Earnings per share[3]	0.79	1.20
EPRA earnings[2]	218.5	202.5
EPRA earnings[3]	1.60	1.49
Recurring earnings[4]	222.5	207.5
Recurring earnings per share[3]	1.63	1.53

(1) For a definition of EBITDA (excluding fair value) and the reconciliation with the closest IFRS indicator see Section "Comments on results for the year".
(2) For a definition of "EPRA earnings", see the Section "EPRA performance indicators".
(3) Number of average shares: 136,408,412 at 31 December 2019 and 135,860,096 at 31 December 2018.
(4) Recurring earnings are equal to EPRA earnings excluding certain non-recurring items. See the Section "EPRA Performance indicators".

SELECTED FINANCIAL INFORMATION FROM THE BALANCE SHEET

(in millions of euros)	31/12/2019	31/12/2018
Investment properties (carried at fair-value excluding transfer taxes)	6,001.6	5,953.7
Cash and cash equivalent investments	174.2	207.1
Financial debt (current and non-current)	2,416.0	2,389.9
Shareholders' equity – Group share	3,540.4	3,646.9

FINANCIAL INFORMATION RELATED TO KEY INDICATORS AND RATIOS

(in millions of euros)	31/12/2019	31/12/2018
Net financial debt	2,241.8	2,177.2
Loan-to-value ratio ITT (LTV)[1]	34.9%	34.0%
Interest Coverage Ratio (ICR)[2]	5,0x	4,9x
EPRA net asset value, excluding transfer taxes	3,799.4	3,876.1
EPRA net asset value, excluding transfer taxes, per share[3]	27.79	28.39
Gross asset value (including transfer taxes, including works in progress)	6,421.5	6,404.6

(1) LTV including transfer taxes and work in progress: ratio between the value of the investment properties (including transfer taxes and work in progress) and net financial debt.
(2) Ratio of EBITDA (excluding fair value adjustments) to net financial costs.
(3) Year end, fully diluted, on the basis of 136,705,504 shares at 31 December 2019 and 136,538,931 shares at 31 December 2018.

3.2 Financial statements

3.2.1 Consolidated statement of comprehensive income

(in thousands of euros)	31/12/2019	31/12/2018
Gross Rental income	**359,457**	**340,250**
Charges rebilled to tenants	79,359	74,799
Total Income from rental activity	**438,816**	**415,049**
Real estate expenses	-21,214	-18,659
Rental charges	-71,307	-71,076
Property expenses (landlord)	-13,111	-11,656
Net Rental Income	**333,184**	**313,658**
Operating expenses	-52,840	-50,574
Income from management, administration and other activities	10,477	4,595
Other income	1,407	6,631
Payroll expenses	-25,145	-24,839
Other external expenses	-39,579	-36,961
Allowances for depreciation of fixed assets, amortisation of intangible fixed assets and provisions	-3,493	-3,508
Other operating income and expenses	1,343	-277
Gain (losses) on disposals of investment properties and equity investments	-610	-1,796
Change in fair value adjustment	-90,172	13,586
Share in net income of equity-accounted investments	4,376	3,882
Operating income	**191,788**	**274,971**
Financial income	559	384
Financial expenses and allowances	-57,277	-54,011
Cost of net indebtness	**-56,718**	**-53,627**
Other financial income (expenses)	-1,389	-4,931
Net financial income/(expense)	**-58,107**	**-58,558**
Income before taxes	**133,681**	**216,413**
Income tax	-25,277	-52,804
CONSOLIDATED NET INCOME	**108,404**	**163,609**
Group share	**108,213**	**163,557**
Noncontrolling interests	**191**	**53**
Average number of shares comprising Carmila's share capital	136,408,412	135,653,512
Earnings per share, in euros (Group share)	0.79	1.21
Diluted average number of shares comprising Carmila's share capital	136,705,504	135,860,096
Diluted earnings per share, in euros (Group share)	0.79	1.20

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	31/12/2019	31/12/2018
Consolidated net income	**108,404**	**163,609**
Items to be subsequently recycled in net income	-10,923	-4,152
Cash-flow Hedges (effective part)	-10,923	-2,978
Fair value of other financial assets	-	-1,174
Related income tax	-	-
Items not to be subsequently recycled in net income	-	106
Re-valuation of the net liabilities under defined-benefit schemes	-	106
Related income tax	-	-
CONSOLIDATED NET COMPREHENSIVE INCOME	**97,481**	**159,563**

3.2.2 Consolidated statement of financial position

Assets

(in thousands of euros)	31/12/2019	31/12/2018
Goodwill	-	-
Intangible assets	4,262	4,556
Property, plant and equipment	4,244	2,062
Investment properties carried at fair value	6,001,608	5,953,655
Investment properties carried at cost	68,785	62,605
Investments in equity-accounted companies	52,459	49,766
Other non current assets	12,427	11,948
Deffered tax assets	11,548	7,776
Non current assets	**6,155,332**	**6,092,368**
Investment properties held for sale	-	-
Trade receivables	117,105	123,616
Other current assets	69,127	217,244
Cash and cash equivalent	178,172	70,518
Current assets	**364,404**	**411,378**
TOTAL ASSETS	**6,519,736**	**6,503,746**

Liabilities & shareholders' equity

(in thousands of euros)	31/12/2019	31/12/2018
Share capital	820,091	819,370
Additional paid-in capital	2,129,169	2,268,204
Treasury shares	-2,676	-3,861
Other comprehensive income	-42,906	-31,983
Consolidated retained earnings	528,543	431,612
Consolidated net income – Group share	108,213	163,557
Shareholders' equity – Group share	**3,540,434**	**3,646,899**
Noncontrolling interests	5,612	5,781
SHAREHOLDER'S EQUITY	**3,546,046**	**3,652,680**
Non-current provisions	6,865	5,685
Non-current financial debt	2,295,954	2,301,426
Lease deposits and guarantees	77,722	76,454
Non-current tax liabilities and deferred tax liabilities	175,685	159,261
Other non current liabilities	7,489	7,473
Non current liabilities	**2,563,715**	**2,550,299**
Current financial debt	160,313	82,885
Bank facilities	4,141	5,617
Current provisions	658	-
Trade payables	28,855	28,370
Fixed assets payables	81,674	52,141
Current tax and payroll related liabilities	49,356	44,237
Other current liabilities	84,978	87,517
Current liabilities	**409,975**	**300,767**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,519,736**	**6,503,746**

3.2.3 Consolidated Cash Flow statement

(in thousands of euros)	31/12/2019	31/12/2018
Consolidated net income	**108,404**	**163,609**
Adjustments		
Elimination of income from equity-accounted investments	-4,376	-3,882
Elimination of depreciation, amortisation and provisions	659	6,350
Elimination of change in fair value adjustments	85,563	-11,388
Elimination of capital gain/loss on disposals	879	1,371
Other non-cash income and expenses	3,567	-1,501
Cash-flow from operations after cost of net debt and tax	**194,696**	**154,559**
Elimination of tax expense (income)	25,277	52,804
Elimination of cost of net debt	55,462	53,628
Cash-flow from operations before cost of net financial debt and tax	**275,435**	**260,991**
Change in operating working capital	7,718	-17,247
Change in lease deposits and guarantees	1,259	4,387
Income tax paid	-2,795	-6,012
Cash-flow from operating activities	**281,617**	**242,119**
Change in scope of consolidation	-	-
Change in fixed assets payables	29,533	-19,610
Acquisitions of investment properties	-120,845	-571,903
Acquisitions of other fixed assets	-185	-502
Change in loans and advances	782	3,019
Disposal of investment properties and other fixed assets	5,467	19,163
Dividends received	1,684	1,480
Cash-flow from investment activities	**-83,565**	**-568,353**
Share capital increase	-	36,350
Transactions in share capital of equity accounted companies	-	-
Net sale (purchase) of treasury shares	1,185	-1,893
Issuance of bonds	50,000	350,000
Issuance of new bank loans	75,235	10,000
Loan repayments	-100,000	-2,322
Display of short term investments in other current receivables	145,020	-145,053
Interest paid	-56,019	-44,138
Interest received	559	384
Dividends and share premiums distributed to shareholders	-204,903	-101,461
Cash-flow from financing activities	**-88,923**	**101,867**
CHANGE IN NET CASH POSITION	**109,130**	**-224,367**

3.2.4 Statement of changes in consolidated equity

(in thousands of euros)	Share capital	Additional paid-in capital	Treasury shares	Other comprehensive income	Consolidated retained earnings	Consolidated net income – Group share	Shareholders' equity – Group share	Non controlling interests	Share-holders' equity
BALANCE AT 31 DECEMBER 2017	**810,360**	**2,321,671**	**-2,653**	**-27,937**	**121,234**	**313,787**	**3,536,462**	**5,999**	**3,542,461**
First application of IFRS 9					19,754		19,754		19,754
BALANCE AT 1 JANUARY 2018	**810,360**	**2,321,671**	**-2,653**	**-27,937**	**140,988**	**313,787**	**3,556,216**	**5,999**	**3,562,215**
Share capital transactions	9,010	27,340					36,350		36,350
Share-based payments					-1,501		-1,501		-1,501
Treasury share transactions			-1,208				-1,208		-1,208
Dividend paid		-80,807			-20,384		-101,191	-271	-101,462
Allocation of income					313,787	-313,787	0		0
Net income of the year						**163,557**	**163,557**	**53**	**163,610**
Gains and losses recorded directly in equity									
Cross charging of OCI to income				2,608			2,608		2,608
Change in fair value of other financial assets				-1,174			-1,174		-1,174
Change in fair value of hedging instruments				-5,586			-5,586		-5,586
Actuarial gains and losses on retirement benefits				106			106		106
Other comprehensive income				**-4,046**			**-4,046**	**0**	**-4,046**
Other changes					-1,278		-1,278		-1,278
BALANCE AT 31 DECEMBER 2018	**819,370**	**2,268,204**	**-3,861**	**-31,983**	**431,612**	**163,557**	**3,646,899**	**5,781**	**3,652,680**
Share capital transactions	721	-721			0		0		0
Share-based payments					-17		-17		-17
Treasury share transactions			1,185				1,185		1,185
Dividend paid		-138,314			-66,229		-204,543	-360	-204,903
Allocation of 2018 net income					163,557	-163,557	0		0
Net income of the year						**108,213**	**108,213**	**190**	**108,404**
Gains and losses recorded directly in equity									
Cross charging of OCI to income				1,944			1,944		1,944
Change in fair value of other financial assets				0			0		0
Change in fair value of hedging instruments				-12,867			-12,867		-12,867
Actuarial gains and losses on retirement benefits				0			0		0
Other comprehensive income				**-10,923**			**-10,923**	**0**	**-10,923**
Other changes					-380		-380		-380
BALANCE AT 31 DECEMBER 2019	**820,091**	**2,129,169**	**-2,676**	**-42,906**	**528,543**	**108,213**	**3,540,434**	**5,612**	**3,546,046**

3.3 Analysis of the activity

3.3.1 Economic environment

	GDP growth			Unemployment rate			Inflation		
	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E
France	1.7%	1.3%	1.2%	9.1%	8.5%	8.2%	0.9%	0.6%	0.8%
Italy	0.7%	0.2%	0.4%	10.6%	10.0%	10.0%	0.6%	0.5%	0.8%
Spain	2.4%	2.0%	1.6%	15.3%	14.2%	14.1%	1.0%	1.1%	1.3%
Euro Zone	1.9%	1.2%	1.1%	8.2%	7.6%	7.5%	1.0%	1.0%	1.1%

** Source: OECD Economic Outlook n°106 – November 2019.*

3

Forecasts for GDP growth in 2020 in the Euro Zone are weak (+1.1%) as a result of global trade tensions (international trade agreements between the USA and China, uncertainty surrounding the content of Brexit trade agreements), resulting in a decline in external demand and exports.

Public investment will be stable for countries such as France, Spain and Italy, sustained by ECB efforts to keep its key rates low (it lowered its deposit facility rate by 10 bps in September 2019, and resumed its asset purchase programme in November 2019).

The projected GDP growth rates in 2020 in France (+1.2%) and Spain (+1.6%) are higher than in Italy (+0.4%), the French and Spanish economies being less dependent on exports than Italy, that relies to a greater extent on the manufacturing industry and external demand.

Private consumption will be indirectly sustained by the robustness of the labour market. The unemployment rate is expected to decline in the Euro Zone by 10 bps in 2020, in particular in France (-30 bps) and Spain (-10 bps), while it should remain stable in Italy.

The consequence of the resilience of the overall European labour market is that nominal salaries are increasing, which contributes to growth owing to the rise in real purchasing power for employees, given the anticipated weak inflation in the Euro zone, which was stable and low in 2019 (+1.0%) and slightly up in 2020 (+1.1%).

Inflation growth in 2020 is fairly even in the three countries: in Italy (+30 bps in 2020), France and Spain (+20 bps in both countries).

3.3.2 Retailer activity

Country	Change in retail tenants' revenues in FY 2019	National benchmark index performance
France	2.1%	+0,8%(1)
Spain	2.0%	+3,1%(2)
Italy	1.7%	-0,4%(3)
TOTAL	**2.0%**	**N/A**

(1) CNCC performance index November 2019 YTD.
(2) Instituto nacional de estadística performance index November 2019 YTD.
(3) Consiglio Nazionale dei Centri Commerciali performance index September 2019 YTD.

The change in retail tenants' revenues was calculated over the period from 1 January to 31 December 2019, compared with the same period in 2018 and on a like-for-like basis.

Retailer sales revenue experienced overall growth in 2019 (+2.0% cumulative for all three countries, with France at +2.1%, Spain at +2.0%, and Italy at +1.7%).

This overall growth is explained by the strong increase in revenue in three different sectors: Food and Restaurants grew significantly (France +3.3% in YTD, Spain +2.7%, Italy +0.9% thanks to the good progress of fast food retail brands such as McDonald's, Burger King, Colombus), followed by Services (France +5.1%, Spain +1.8%, Italy +6.9% sustained by good performances in telephony with Orange and Movistar) and Health and Beauty (France +3.1%, Spain +5.6%). Opticians and hairdressers-barbers were the most dynamic in 2019, driven by the strong performances of Krys and Alain Afflelou, and the retail brand Barbe de Papa (+10.2% for this brand co-developed with Carmila) in France.

The trend towards changes in Ready-to-Wear revenues is positive overall (+1.0% in France, +3.2% in Spain and +0.8% in Italy). Performances of retail brands varied, with some retail brands out-performing (including H&M, Zara, Kiabi and Mango) and others under-performing (such as children's fashion).

In France, the Thionville Géric (+3.9%) and Calais Coquelles (+3.0%) sites saw particularly strong out-performance, as did Sartrouville (+2.3%) and Toulouse Purpan (+4.0%) thanks to restructuring carried out by Carmila. In Spain the large centres of Talavera (+6.3%), Fan Mallorca (+4.7%) and El Paseo (+4.0%) also experienced a significant increase in their retailers' revenues, as did Nichelino (+2.9%), Paderno (+2.4%) and Massa (+2.3%) in Italy.

3.3.3 Letting activity

3.3.3.1 Summary

In 2019, Carmila signed 874 leases for a total minimum guaranteed rent of €38.3 million.

Carmila let 436 vacant premises for a minimum guaranteed rent of €16.9 million, broken down as follows:

- 254 units for €10.1 million in France;
- 160 units for €5.3 million in Spain;
- 22 units for €1.5 million in Italy.

The company also signed leases for 48 premises on its extension projects for a minimum guaranteed rent of €3.8 million, all of which in France.

During 2019, Carmila renewed 390 commercial leases for a minimum guaranteed rent of €17.5 million, thus generating a reversion of 6.9%, with the following breakdown:

- 162 leases were renewed in France, for a minimum guaranteed rent of €10.1 million and with a reversion of 9.0%;
- 212 leases were renewed in Spain, for a minimum guaranteed rent of €6.5 million and with a reversion of 4.2%;
- 16 leases were renewed in Italy, for a minimum guaranteed rent of €0.8 million and with a reversion of 1.5%.

	Letting of vacant premises		Letting of extensions		Renewals		
(in thousands of euros)	Number of leases	Annual minimum guaranteed rent	Number of leases	Annual minimum guaranteed rent	Number of leases	Annual minimum guaranteed rent	Reversion
France	254	10,098	48	3,805	162	10,146	9.0%
Spain	160	5,340	-	-	212	6,540	4.2%
Italy	22	1,481	-	-	16	845	1.5%
TOTAL	**436**	**16,919**	**48**	**3,805**	**390**	**17,531**	**6.9%**

France

Carmila diversified its rental base by letting its vacant premises to retail brands representative of a variety of activity sectors:

- The Culture-Gifts-Leisure sector accounts for 29% of the leases signed in 2019 (by rent), primarily with national players in mobile telephony. It should be noted, amongst others, that Orange is planning to open units in Aix-en-Provence, Toulouse Labège and Montesson, Bouygues Telecom in Chambourcy, and Free in five centres: Antibes, Bourges, Montesson, Nice Lingostière and Venette.

  Players in the sports sector are also represented with letting of medium-sized surfaces to Intersport in Epinal and Roanne Mably, Fitness Park in Gennevilliers and Basic Fit in Gruchet le Valasse. Lastly, the retail brand Courir is broadening its presence with Carmila, with new stores in Angoulins and Charleville Mézières.

- 25% of the letting activities during the year are related to the Clothing and Accessories sector. Carmila is introducing Bel Chous shoes to Ormesson and Chambourcy, and Tamaris in Torcy Collégien. This will be the first Tamaris store in a Carmila shopping centre. In the south of France, the company is also developing the presence of its partner Indémodable, which plans to open points of sale in Aix-en-Provence, Anglet, Orange, Pau Lescar, Toulouse Labège and Toulouse Purpan.

  Lettings to major ready-to-wear players include Cache-Cache in Orléans Place d'Arc and Torcy Collégien, Tally Weijl in Orléans Cap Saran, Levis in Orléans Place d'Arc, Darjeeling in Calais Coquelles, as well as Eden Park in Thionville.

- 24% of the leases signed are related to Health and Beauty. Carmila is endeavouring to expand this strategic development focus to strengthen the leading position of its centres and to diversify its merchandising mix.

  Pharmacies have already opened or are planning to open in 10 shopping centres: Annecy Brogny, Brest Iroise, Dinan Quevert, Draguignan, Goussainville, Marseille Vitrolles, Montluçon, Rennes Cesson, Roanne Mably and Saint-Brieuc. Carmila continues to expand the presence of opticians with leases signed with Optique Minute in Orange and Alain Afflelou on four sites: Denain, Laon, Le Mans and Salaise-sur-Sanne.

  Beauty treatment centres continue to open at Carmila, similarly to Body Minute – Nail Minute in Evreux Guichainville and Stains, or beauty salons and bars in Evreux, Hérouville Saint Clair, Port-de-Bouc and Puget-sur-Argens.

  Perfume shops are also represented with premises let to Sephora in Thionville and Villejuif, and Nocibé in Liévin.

  Lastly, Carmila and its partner, the barber Barbe de Papa, continue to expand the retail brand in 12 centres spread over the whole of France: in the Ile de France: Chambourcy, Montesson, Ormesson and Torcy Collégien; in the North: Hérouville Saint Clair and Reims Tinqueux; in the West: Châteauroux, Condé-sur-Sarthe and Toulouse Purpan; in the South-East: Beaucaire, Saint-Egrève and Uzès.

- The Food and Restaurants sectors accounts for 15% of leases signed in 2019, with major players in catering such as Hippopotamus in Torcy Bay 1, Burger King in Laval, and Columbus Café in Calais Coquelles and Thionville Géric.

  International and theme restaurants are expanding, such as Asian cooking, including Pitaya and Côté Sushi in Toulouse Labège, and Thaï Break in Orléans Cap Saran while American catering has come to Calais Coquelles with Old Wild West, and Italian cooking at Port-de-Bouc with La Cantina.

  Regional "brasseries" and food stalls are setting up at Carmila with Capodimonte and the Brasserie du XV in Toulouse Labège, or the Délices de Bretagne in Evreux Guichainville and the Ambassade Bretonne in Brest.

  Lastly, new chocolate shops are setting up in Carmila shopping centres, such as Jeff de Bruges in Anglet BAB2, the Comptoir de Mathilde in Cholet, Pau Lescar and Perpignan Claira, and Leonidas in L'Haÿ-les-Roses, Orange, Quimper le Kerdrezec and Sartrouville.

- The remaining letting activities are related to Household furnishings as well as Services with the opening of retail brands specialised in decoration, with Maison du Monde in Lorient, and in furnishing, with Poltronesofa in Orléans Cap Saran and Nouvelle Literie in Torcy Collégien.

  Carmila is welcoming new retail brands and activities with the arrivals of Normal in Calais Coquelles, Action in Draguignan or the real estate agencies Stéphane Plaza in Brest and Champs-sur-Marne.

Spain

The diversification of the merchandising mix is progressing in Carmila's Spanish centres:

- The Health and Beauty sector accounts for 26% of the leases signed in 2019, for instance with the hairdresser Carlos Conde in Parquesol. In particular, Carmila is increasing the number of beauty clinics in its Spanish centres, by signing up, with its partner Centros Ideal, an eleventh medical centre in Fan Mallorca, as well as with the opening of Lassersion in Paterna, Torrevieja and Orense, and 360° Clinics in Cartagena and La Veronica.
- 20% of the letting activities in the year concern the Clothing and Accessories sector, such as the international shoe brand Crocs in Fan Mallorca, and Mango in Atalayas. Retail sports fashion brands also found their place at Carmila, such as Oteros in Gran Via de Hortaleza and Peñacastillo.
- 17% of the leases signed concern Household furnishings, such as the mattress distributor Max Colchon in El Mirador and Granada.
- Culture-Gifts-Leisure accounts for 14% of the leases signed in 2019, with, for example, the toy specialist Toy Planet in La Veronica, and the pet shops Crazypet in Sestao, Móstoles and Lugo, Kiwoko in Atalayas, and Madagascar in San Juan de Alicante.
- 14% of letting activities in 2019 concern Food and Restaurants, including the opening of the sixth KFC restaurant at Carmila in As Cancelas and two new Burger King restaurants in San Juan de Aznalfarache and Badajoz La Granadilla.
- The remaining letting activities involve Services, with, for example, Fotoprix, a strong brand with 1,000 stores in Spain, which is opening its first store at Carmila in Alcobendas.

Italy

In Italy letting activities mainly involved medium-sized clothing retailers and ready-to-wear retail brands, such as Terranova in Massa, or Sem Denim in Nichelino. Culture-Gifts-Leisure accounts for 15% of the leases, with the electronic retail brand Unieuro in Vercelli and the bookshop Giunti Al Punto in Nichelino. 13% of leases signed are in Health and Beauty, with, for example, the Little Italy Barber Shop in Massa. Lastly, the remaining leases were signed with Services, Household furnishings, and Food and Restaurants brands, with La Piadineria in Thiene and Massa.

3.3.3.2 Temporary retail activity

The temporary store activity focuses on providing space in Carmila centres for short to medium periods (maximum one year). As part of a complementary approach to traditional stores, it provides visitors with the opportunity to discover a more innovative offer. It focuses upon two areas:

- Specialty Leasing;
- Pop-up Stores.

As a result of a renegotiation with Carrefour Property Spain, Carmila is entitled to 100% of the Specialty Leasing income in Spain since December 2018.

Revenues arising from Specialty Leasing and Pop-up Stores in the three countries have grown strongly by 33.9% compared with 2018.

3

GROSS RENTAL INCOME

	31/12/2019			31/12/2018			Change
(in thousands of euros)	Specialty Leasing	Pop-up Stores	Total SL+TS	Specialty Leasing	Pop-up Stores	Total SL+TS	%
France	5,555	1,604	7,159	5,588	1,340	6,928	3.3%
Spain	5,689	260	5,949	2,437	142	2,579	130.7%
Italy	1,213	-	1,213	1,191	-	1,191	1.8%
TOTAL	**12,457**	**1,864**	**14,321**	**9,216**	**1,482**	**10,698**	**33.9%**

Specialty Leasing

Specialty Leasing is dedicated to the development of event organisation as well as new and innovative services and products intended for customers in shopping centres. Constantly mirroring trends in consumption, the various players in Specialty Leasing make it possible to diversify the shopping offer and enrich the customer experience. This diversification thus enables value to be added to the public areas of the centres. It is divided into two sub-activities:

- the letting of floor areas in the malls and in the car parks;
- a partnership, on an exclusive basis with the advertiser ClearChannel, for communication via a digital medium in the malls.

The success of Specialty Leasing at Carmila stems from the intention to renew the concepts presented in the malls, with particular attention paid to the quality and relevance of the concepts with the centre's offer with regard to duration, type and theme.

2019 was marked by an increase in the number and diversity of themes for exhibitions (e.g. home, cars, camping-cars) and roadshows (Yamaha in La Sierra in Spain; in France, Nocibé in 5 centres, Prince in 11 centres). Specialty Leasing has made it possible to attract national and international brands (L'Oréal in Bay 2, Tassimo in 4 French centres), with theme weeks (vegan butter with Fruit d'Or in 2 centres, the rediscovery of olfactory senses for Ducros and its 4 days to discover spices at Montesson), and new signings with qualitative concepts, for example, engraving jewellery on the spot or the sale of e-cigarettes. At the end of the year, the Christmas markets were very successful once again, with chalets being set up in 24 shopping centres in France.

The launch of the Carmila Event entity during the last quarter within the Specialty Leasing department will enable the event organisation activity to expand in 2020.

Pop-up stores

Carmila also leverages the attractiveness of its shopping centres to open pop-up stores in premises of between 50 and 3,000 sq.m., for leases ranging from 4 and 34 months. Carmila provides tenants with turnkey solutions, by dealing with the administrative tasks related to store openings and enabling them to focus entirely on their sales activities. Lessees are satisfied with the high service standards provided by Carmila for openings, particularly in Spain as evidenced by the numerous lease renewals following the Christmas period, thereby demonstrating these retailers' desire to move in for a longer-term after a successful initial experience. This specific form of letting, which complements traditional letting, enables Carmila to renew its merchandising mix and pursue opportunistic marketing of vacant spaces by taking advantage of seasonality with limited tenor leases.

Carmila is also attracting national retail brands (e.g. Volkswagen in Perpignan Claira, Lego in Rennes Cesson and Swarovski in Puget-sur-Argens) as well as e-retailers and promising young retail brands (e.g. CashKorner, which is having considerable success with customers in the Bay 2 centre and which will soon open in Toulouse Purpan), enabling them to test their concept before committing themselves to signing a commercial lease. Carmila has thereby confirmed its leadership in pop-up stores in shopping centres by offering dedicated premises with a high level of services to innovative and differentiating brands. Some stores even attract the interest of the regional press. For example, the opening of Repaire des Sorciers (Harry Potter branded goods) in Toulouse Labège had a knock-on effect for the entire shopping centre and resulted in a significant increase in footfall.

3.3.4 Structure of leases

With 6,348 leases under management at 31 December 2019, Carmila has a solid and diversified base of tenants, with rents from the Carrefour group representing less than 1% of net rental income in 2019. Annualised rents totalled €361.7 million at 31 December 2019.

BREAKDOWN OF NUMBER OF LEASES AND CONTRACTUAL RENTS ON AN ANNUALISED BASIS BY COUNTRY

	At 31/12/2019			At 31/12/2018		
Country	**Number of leases**	**Annualised contractual rent** *(in millions of euros)*	**%/Total**	**Number of leases**	**Annualised contractual rent** *(in millions of euros)*	**%/Total**
France	3,537	238.9	66.1%	3,542	236.5	66.0%
Spain	2,446	99.4	27.5%	2,381	99.1	27.6%
Italy	365	23.4	6.5%	356	22.8	6.4%
TOTAL	**6,348**	**361.7**	**100%**	**6,279**	**358.4**	**100%**

Principal tenant retailers

At 31 December 2019, the 15 leading tenants accounted for 18.8% of annualised rents, with one retailer alone accounting for 2.0% of gross rental income.

The table below shows the annualised rents and business sector of the 15 largest tenants at 31 December 2019.

		At 31/12/2019	
Tenant		**Annualised contractual rent** *(in millions of euros)*	**%/Total**
Inditex	Clothing and Accessories	7.1	2.0%
Alain Afflelou	Health and Beauty	6.2	1.7%
H&M	Clothing and Accessories	6.0	1.6%
Feu Vert	Services	5.5	1.5%
Camaïeu	Clothing and Accessories	5.4	1.5%
Orange	Culture, Gifts & Leisure	5.3	1.5%
Mc Donald's	Food & Restaurants	4.8	1.3%
Flunch	Food & Restaurants	4.2	1.1%
Micromania	Culture, Gifts & Leisure	3.8	1.1%
Celio	Clothing and Accessories	3.8	1.1%
Nocibé	Health and Beauty	3.7	1.0%
Yves Rocher	Health and Beauty	3.4	0.9%
C&A	Clothing and Accessories	3.0	0.8%
Histoire d'Or	Culture, Gifts & Leisure	3.0	0.8%
Kiabi	Clothing and Accessories	2.9	0.8%
		68.0	**18.8%**

Distribution of contractual rent by business sector on an annualised basis

The table below shows Carmila's annualised rents by business sector at 31 December 2019:

	At 31/12/2019			At 31/12/2018		
Business sector	**Number of leases**	**Annualised contractual rent** *(in millions of euros)*	**%/Total**	**Number of leases**	**Annualised contractual rent** *(in millions of euros)*	**%/Total**
Clothing and accessories	1,484	124.3	34.4%	1,519	125.8	35.1%
Culture, gifts and leisure	1,023	66.7	18.4%	965	63.0	17.6%
Health and Beauty	1,195	64.7	17.9%	1,178	64.1	17.9%
Food and Restaurants	866	46.3	12.8%	855	46.0	12.8%
Household equipment	289	29.6	8.2%	282	29.1	8.1%
Services	1,386	29.5	8.1%	1,402	29.8	8.3%
Other	105	0.7	0.2%	78	0.5	0.2%
TOTAL	**6,348**	**361.7**	**100%**	**6,279**	**358.4**	**100%**

The reduced influence of Clothing and accessories in total rents (-70 bps) was mainly to the benefit of the Culture, Gifts and Leisure sector (+80 bps), while the proportions of the rental base of the other sectors remained stable by rent.

Furthermore, four of the main activity sectors saw their respective rents increase compared with 2018: in particular, the Culture, Gifts and Leisure sector generated an additional +5.8% of rent, followed by Household furnishings with an increase of +1.5%, Health and Beauty with +1.0% and Food and Restaurants with +0.5%.

Distribution of contractual rent by business sector on an annualised basis

Carmila rents space to large, well-known national and international brands in order to promote the visibility of its shopping centres, as well as to local brands to reinforce its local roots.

The table below shows the breakdown of annualised rents between international, national, and local brands in 2018 and 2019:

	At 31/12/2019			At 31/12/2018		
Categories	**Number of leases**	**Annualised rent** *(in millions of euros)*	**%/Total**	**Number of leases**	**Annualised rent** *(in millions of euros)*	**%/Total**
International brands	2,558	194.6	53.8%	2,671	197.5	55.1%
National brands	2,279	114.6	31.7%	2,144	110.0	30.7%
Local brands	1,511	52.5	14.5%	1,464	50.9	14.2%
TOTAL	**6,348**	**361.7**	**100%**	**6,279**	**358.4**	**100%**

	At 31/12/2019		
Categories	**France**	**Spain**	**Italy**
International brands	54.5%	55.6%	39.4%
National brands	32.3%	26.6%	46.8%
Local brands	13.2%	17.8%	13.9%

Carmila is continuing its aim of community-based targeting, with the proportion of total rents from local brands increasing by +30 bps in one year. The share of national brands also increased (+100 bps). The increasing share of local brands by country (+40 bps in Spain and Italy, +20 bps in France) reflects Carmila's desire to strengthen regional proximity with its customers.

Structure of leases

In France, commercial leases are entered into for terms that may not be shorter than nine years. The lessee has the right to terminate the lease at the close of each three-year period, subject to providing a six month notice prior to the end of the said period. However, leases with terms longer than nine years, such as those entered into by Carmila, which generally have terms of 10 or 12 years, may provide otherwise. The lessor's right to terminate at the end of each three-year period is primarily limited to such purposes as construction, reconstruction, or raising the height of the existing building. In addition, the lessor only has the right to judicially terminate the lease if the tenant has breached its obligations.

In Spain, the tenor of the leases may be freely agreed on by the parties, as may methods of terminating, extending, or cancelling the lease. Leases have an average term of between five and eight years. They provide for a minimum term of three to five years and additional terms of varying lengths, with the lessee having the right to give notice prior to the end of the same period subject to providing notice of between two and six months. The lessor is generally bound until the end of the term agreed upon by the parties.

In Italy, leases that are subject to the real estate lease regime are entered into for a term of six years, renewable automatically for six years (with a maximum duration of twenty-four years), and their termination by the lessee may give rise to payment of allowances. Leases subject to the rules of management leases or business leases have terms of various tenors (generally between five and seven years). Neither termination by the lessee nor termination by the lessor results in the payment of allowance to the lessor.

Right to renegotiate

At 31 December 2019, the average lease term was 4.4 years, with average lease terms by country of 4.7 years in France, 4.2 years in Spain and 3.1 years in Italy.

The table below shows the maturity dates of the commercial leases for the property portfolio for the 2019-2029 period (data at 31 December 2019):

	At 31/12/2019		
Expiration of leases	**Number of leases**	**Maturity***	**Annualised contractual rent** *(in millions of euros)*
Expired on 31/12/2019	694	0.0	34.7
2020	747	0.5	27.5
2021	633	1.6	32.8
2022	631	2.7	30.3
2023	538	3.7	26.9
2024	598	4.6	35.0
2025	405	5.6	22.1
2026	538	6.7	32.3
2027	507	7.6	40.6
2028	485	8.6	32.7
2029	304	9.5	20.8
Beyond 2029	268	12.4	26.0
TOTAL	**6,348**	**4.4**	**361.7**

** Average lease maturity remaining in years.*

In France, in addition to rent indexation in line with changes in various indices, the rent fixed when the lease is concluded can be revised at the request of one of the parties, subject to certain restrictive conditions. If the lease in question has a rent- indexation clause, which is the case for the majority of leases entered into in France, revision may be requested whenever, due to application of that clause, rent is increased or decreased by over 25% as compared with the rent agreed on at the inception of the lease. The resulting change in rent may not lead to increases that are greater, for a given year, than 10% of the rent paid in the previous year.

In compliance with the rules governing commercial leases, Carmila re-evaluates rents when leases are renewed. In France, there is a cap removal provision for lease terms exceeding nine years. The change in rent resulting from the removal of the cap may not, since enforcement of the Pinel Law, lead to increases greater than 10% per year. However, as this cap removal provision is not a public prerequisite, it is not compulsory for leases.

Rent renegotiation may also occur when the tenant is contemplating selling its leasehold right to an acquirer of its business. Although the rules governing commercial leases prohibit the lessor from opposing the lessee's sale of the leasehold right to the acquirer of its business, Carmila benefits from pre-emption clauses in its commercial leases. Therefore, Carmila may exercise its pre-emptive right to acquire the business in the event that the premises could be re-let on better financial terms.

In Spain, the methods for renegotiating rent may be freely determined by the parties to the lease. Rent under certain leases is revised automatically at the beginning of each tacit renewal of the lease, resulting in a minimum guaranteed rent increase.

In Italy, the terms of commercial leases can be renegotiated each time the lease is renewed, in order to substitute real estate lease contracts with lease management contracts.

Method of setting rents

Leases in France comprise either a fixed rent or a dual component rent, which is called a "variable rent". Variable rents are composed of a fixed portion, the minimum guaranteed rent (or annual base rent), and an additional, variable rent, calculated as a percentage of the tenant's annual revenue, excluding taxes. In Spain, Carmila's leases include either fixed rent or dual component rent, similar to those under French leases. In Italy, the majority of the leases include double-component rents similar to those under the French and Spanish leases, with certain leases including only fixed rent. At 31 December 2019, for the three countries, Carmila had 4,891 leases with double-component rents and 1,457 leases with fixed rent only, representing, respectively, 84.4% and 15.6% of annualised rents.

The table below shows the structure of Carmila's rents at 31 December 2019 and 2018:

	At 31/12/2019			At 31/12/2018		
	Number of leases	Annualised rent *(in millions of euros)*	%/Total	Number of leases	Annualised rent *(in millions of euros)*	%/Total
Leases with variable rent clauses	4,891	305.3	84.4%	4,898	305.8	85.3%
Of which leases with minimum guaranteed rent and additional variable rent	*4,862*	*299.9*	*82.9%*	*4,871*	*301.2*	*84.0%*
Of which leases with variable rent only	*29*	*5.5*	*1.5%*	*27*	*4.6*	*1.3%*
Leases without variable clauses, with only fixed rent	1,457	56.4	15.6%	1,381	52.6	14.7%
TOTAL	**6,348**	**361.7**	**100.0%**	**6,279**	**358.4**	**100.0%**

With respect to double-component leases, the minimum guaranteed rent is set by contract. The additional variable rent is the positive difference between a percentage of the tenant's annual sales, excluding taxes, and the minimum guaranteed rent. Different parameters are used to determine rents: (i) the rents of competing shopping centres, (ii) the average rental for the shopping centre concerned (overall as well as per business sector), (iii) the quality of the site or (iv) the assessment of revenue, performance and the financial position of the potential tenant.

3.3.5 Financial occupancy rate

	Financial occupancy rate (excluding strategic vacancies)	
Country	**31/12/2019**	**31/12/2018**
France	95.9%	96.0%
Spain	96.4%	96.0%
Italy	98.8%	99.7%
TOTAL	**96.3%**	**96.2%**

At 31 December 2019, the consolidated financial occupancy rate of Carmila's assets was 96.3%, of which 95.9% in France, 96.4% in Spain and 98.8% in Italy.

The financial occupancy rate is defined as the ratio between the amount of rent invoiced and the amount of rent that Carmila would collect if its entire portfolio was leased, with the estimated rent for vacant lots being determined on the basis of rental values used by the appraisers. The financial occupancy rate is stated excluding strategic vacancies, which are the vacancies made necessary in order to implement renovation, expansion, or restructuring projects within the shopping centres.

The impact of strategic vacancies is 1.6% in France, 2.5% in Spain and 0.5% in Italy, which represents a consolidated impact for Carmila of 1.8% at 31 December 2019, slightly lower than at 31 December 2018, where the consolidated impact was 1.9%. This decrease is primarily due to the delivery of restructuring projects completed by Carmila.

3.3.6 Occupancy cost ratio of retailers

The occupancy cost ratio of Carmila's tenants broken down by country at 31 December 2019 is as follows: France 10.6%, Spain 10.4% and Italy 12.3%.

Carmila takes tenants' occupancy cost ratios into account in determining rent levels. Occupancy cost ratio is an important indicator for Carmila in determining the proper level of rent for each tenant as a function of its business and in evaluating the financial health of a tenant over the term of its lease.

The occupancy cost ratio is defined as the ratio between (i) the total amount charged to tenants and (ii) the tenants' sales.

The tenants included in the calculation are (i) the tenants present over the last 12 months with certified sales, and (ii) tenants present over the last 12 months and having reported their sales over 12 months on a rolling basis. If the tenant reports its certified sales and its sales over a rolling 12 month period, only the certified sales are used.

The rental charges used to calculate occupancy cost ratios are made-up of fixed rent, variable rent and rental charges that are passed on to tenants. Rental charges do not include (i) incentives (rent-free periods, step rents or relief), (ii) property taxes charged to tenants, or (iii) marketing fund costs passed on to tenants.

3.4 Corporate Social Responsibility

2019 marked a turning point for Carmila, which increased and accelerated its CSR commitments This ambition is expressed in a programme of responsible initiatives entitled *Here we act*. This programme, which addresses the expectations of company stakeholders, combines all positive actions, with the aim of stimulating the local economy, protecting the environment and getting employees on board.

3.4.1 Pillar 1: *Here we act* for the local regions

This pillar marks Carmila's commitment towards stimulating and developing the attractiveness of the local infrastructure alongside retail brands and retailers. This year's major achievements are:

- a satisfaction survey with a panel of retailers: 85% of respondents said they had complete confidence in Carmila as a shopping centre manager and that they appreciate the digital tools made available to them, particularly the "Kiosque" and their centres' Facebook and Instagram pages;
- Carmila is the first retail real estate company to provide a digital platform for lease management: the "tenants' extranet". With just a few clicks, this platform enables retailers to obtain information such as the welcome guide or documentary proof of expenses. The platform can also be used for administrative tasks, such as downloading invoices, printing account statements or changing payment methods;
- a number of partnerships were set up to support start-ups coming from the social and solidarity economy, such as Bilum, which gives a second life to covers used on construction sites, Too Good To Go with 130 retailers and 87 shopping centre partners and the ability to book a "short date" basket of goods directly on the shopping centre's website, and Miimosa, the crowd-funding platform dedicated to agriculture and the food of tomorrow. Ten projects were supported with an effective communication campaign within Carmila's shopping centres. Lastly, the Hucklink job terminals in 7 centres enabled our retailers to advertise 72 job vacancies in their stores, and to receive 1,000 CVs, thus facilitating recruitment.

This pillar also marks Carmila's commitment to making its centres local focal points and an expression of local life. Centre directors committed to the *Here we act* strategy organised more than 1,600 CSR actions in partnership with local associations, an increase of 17% compared with 2018. Twenty-eight events, most of which in partnership with Carrefour Hypermarkets, were organised on the theme of dietary transition. Emphasis was also set on new ways of consuming responsibly: recycling, recovery and re-using. Eight clothing donation initiatives were organised in partnership with local associations (Emmaüs, Le Relais); in certain centres, local influencers also took part in the operation.

Carmila's national partnership with the French *Secours populaire* was boosted at three key events: the charity "Easter egg hunt", the "Holiday-less" campaign in the summer and "Father Christmas goes green" at Christmas. This partnership results in actual and digital events in the shopping centres: each time a customer participates in the events a donation is made to the French *Secours populaire* for the campaigns conducted.

3.4.2 Pillar 2: *Here we act* for the planet

By establishing its centres in the towns and cities of the future, Carmila is committed to continually improving its environmental performance. This commitment starts at every new project's design step, where Carmila obtained BREEAM new construction certificates for the Orléans – Cap Saran and Evreux retail parks in 2019, and Very Good for the design phase of the Rennes Cesson extension.

With regard to its operating facilities, Carmila launched a project of unprecedented scale, with 43 sites having been certified BREEAM in Use in 2019 (5 in Italy, 7 in Spain and 31 in France) with at least the *Good* level, thereby achieving a 61% certification rate for its portfolio by value, i.e. an increase of 25 points compared to 2018. Among the certified sites, 74% obtained a Very Good or Excellent score. In order to ensure optimum effectiveness for the management of this large-scale project, Carmila, in partnership with AD environnement, rolled out a digital platform dedicated to the management of data generated by BREEAM audits, which enables a detailed analysis of the results with the aim of establishing targeted action plans. This platform obtained the Digital Transformation Prize awarded by the periodical Business Immo.

Consistent with its commitment started in 2017, Carmila planted 7,000 trees in partnership with Reforest'action when the extension to the Rennes Cesson shopping centre was built.

3.4.3 Pillar 3: *Here we act* for employees

Acting daily for the employees means being the driver of fulfilment, satisfaction, exceeding one's limits and team spirit. This pillar is divided into various actions intended for employees, such as setting up a programme of well-being in the workplace, "A tu Salud", for the Spanish teams.

With the aim of bolstering diversity, inclusion and equality within the teams, in accordance with our commitment when signing the diversity charter, Carmila set up a joint working group to issue proposals on the theme of Gender Equality in the company. The first meeting will be held in February 2020.

Lastly, Carmila hopes its employees can share life moments aimed at increasing solidarity and flourishing as part of a team. As part of this initiative, two teams took part in the Oxfam charity walk in May, a walk of 100 km with €1,500 donated by each team to the association.

As a result of these actions, in the annual survey 87% of employees said that they were satisfied with their jobs.

3.5 Digital marketing

Since its creation in 2014, Carmila has implemented a distributed marketing strategy by giving each shopping centre management the best marketing and digital tools on the market. Carmila rolled out this strategy to all its lessees in 2019, with the aim of improving communication of their offers and news in the centres' catchment areas, in order to increase retailers' revenues.

Distributed marketing, which makes it possible to make each centre a targeted local advertising medium, is possible thanks to close collaboration:

- of marketing and digital experts who build the tools and define best practices;
- of experts in their catchment area, daily users of these tools for their centre.

All Carmila's retailers benefit from this expertise through the "Kiosque": supporting an operation, communicating a commercial offer, highlighting an important moment, etc. These actions are performed by the Carmila teams on a daily basis for tenant-retailers. In 2019 Carmila conducted more than 760 "Kiosque" operations per month in France, Spain and Italy. As proof of the effectiveness of this strategy, the stores regularly supported in 2019, with a "Kiosque" budget ranging from €2.000 to €2.500 out-performed their network at Carmila by 8.4 points.

Carmila also entered into a large number of partnerships with national brands (Adopt, Histoire d'Or, De Neuville, la Barbe de Papa, etc.) by developing a set of multi-local marketing operations together, such as the "egg or the chicken" at Easter and the "digital advent calendar" at Christmas.

The performances reflect the use of agile digital drivers, which centre directors can activate locally to ensure optimum visibility for our retailers:

- a geo-located customer database of 2.8 million "opt- in" contact points (+25% compared to 2018) within the centres' catchment areas. This database is powered by a game terminal facility in France and Italy, allowing for more than 1.1 million players' visits in 2019;
- a mobile-first website that is locally managed. Created as an additional showcase for retailers, it provides an accurate picture of what is going on at the centre for customers in the catchment area;
- informative and up-to-date "My business" Google pages, that have been searched for more than 101 million times by customers (+188% compared to 2018);
- a differentiating content to bring out the centres' voices on the social networks with non-promotional content: on-line competitions, gallery interviews, web series, portraits of retailers. This content contributes to developing local community commitment. In 2019, 58,000 Facebook publications were displayed more than 238 million times, and 25 local ambassadresses (x5 compared with December 2018) shared the latest news about the centres and their retailers with their communities;
- Carmila's drive-to-store digital marketing expertise is acknowledged by Google and Facebook. Both companies offered Carmila the opportunity to beta-test their new features. Since early 2019, Carmila has thus been first in France to be able to beta-test the latest Google Automated Bidding Artificial Intelligence innovations that make it possible to optimise marketing campaigns to generate in-person visits to sales outlets. Furthermore, Google has written a case study reporting on Carmila's use of the device.

Constantly in search of new innovations to help its retailers or to offer new services to their customers, Carmila carried out a large number of tests with start-ups, in a variety of fields such as employment, management of lost property, emotion recognition, etc. Aware of the importance of supporting innovation at local level, the company is also the partner of several regional incubators, such as IoT Valley in Toulouse, a community of firms specialised in the Internet of Things, and the French Tech Rennes-Saint Malo, an ecosystem of innovative young start-ups in the technology sector.

To share this dynamism with its retailers, at the beginning of 2018, Carmila set up "Smart Shopping Meetings": opportunities to share best practices and innovations in digital drive-to-store marketing between retailers and digital experts. In 2019, the company met almost 400 retailers during 22 "Meetings" organised in France, Spain and Italy.

3.6 Business Development

3.6.1 Carmila Retail Development

Innovation is at the heart of Carmila's projects. It is also reflected in the promotion of employee initiatives and Business Development. Accordingly, Carmila launched Carmila Retail Development dedicated to supporting the development of promising new concepts. In this way, Camila gives financial support to talented, dynamic entrepreneurs who wish to set up stores into its centres. These include the barber La Barbe de Papa, the shoemaker Indémodable, the Cigusto e-cigarette retailer, and the aesthetic clinics Centros Ideal in Spain.

At the end of 2019, these four retail brands represent 56 stores opened in Carmila shopping centres in France and in Spain, for an annual rental income of €2.1 million. These retail brands also opened 15 stores with third-party lessors. Hence, partnerships represent a total of 71 stores in France and in Spain.

Following its initial successes, Carmila Retail Development's ambition is to sign new partnerships in 2020, for example with premium second-hand retail brands or local catering brands, to increase the offering in its centres and to meet customers' desire for something new. The challenge is also to be a partner working closely with these talented entrepreneurs to enable them to expand.

3.6.2 Health Hub

Carmila also intends to implement an ambitious Health offer in its shopping centres to strengthen its "convenient " and "practical" offer and meet a substantial need for the population with regard to large pharmacies, dental and ophthalmology practices, primary care, etc. The Carmila sites, accessible, at the heart of urban areas and with free parking facilities, are particularly appropriate to this offer.

The company is thus partnering with experienced and well-known professionals to develop health activities in its shopping centres. In 2019, a partnership was formed as a joint venture called Pharmalley. To date, the joint venture has partnered with pharmacists to transfer or expand four pharmacies in its shopping malls, with the goal to acquire five to ten pharmacies per year (investment of €0.5 million to €1.5 million each and a similar expected capital gain in four years).

At the end of 2019, a new joint venture was being created: Dentalley, which is set to launch its dental practice offering with the first openings in 2020. The objective is to develop 50 dental centres in five years for an EBITDA after six years of €15 million per year and a maximum commitment of €7 million. Carmila partners with the best references in the business to develop their activity.

3.6.3 LouWifi

Carmila also increases the appeal of its centres through the roll out of fibre optics, via its subsidiary LouWifi. As an expert in network integration, LouWifi installs and maintains low-voltage networks (including Wifi) in Carmila's centres for the benefit of retail tenants, thus providing them with high-quality connectivity, and offering visitors and retailers ultra-fast broadband.

LouWifi performed well in 2019, thanks to the excellent performance of its Wifi service, widely used by customers in Carmila shopping centres, with more than 8,000 connections per day.

This service contributed to the growth in the opt-in database with 800,000 contacts in France and 40,000 contacts in Spain, where the service was launched in October.

The activity has also gone international, with Wifi installed in 24 Spanish shopping centres in October 2019. This installation contributed 40,000 contact points to the customer database.

LouWifi brought its new expertise in video surveillance in-house, deployed in Nice Lingostière and Rennes Cesson.

3.6.4 Lou 5G

Finally, through its Lou 5G subsidiary, Carmila provides land for antenna. Lou 5G owns land on which telecom companies can install antennas under a lease agreement.

The activity, created in 2019, was formalised and structured with the signature of a framework agreement with each of the four national telecommunications operators. Almost 130 antenna have been leased (subject to conditions precedent), generating annual rental income of €1.5 million.

2020 should see the activity roll out at a faster pace.

Therefore, Carmila is contributing to the nationwide ambition of reducing the digital fracture by pairing up with the governmental objectives of Blackspot coverage, 4G improvement, and preparation for the arrival of 5G.

3.7 Comments on the year's activity

3.7.1 Gross rental income (GRI) and Net Rental Income (NRI)

Gross Rental income

	31/12/2019		
		Variation vs. 31/12/2018	31/12/2018
(in thousands of euros)	Gross Rental income	Current scope	Gross Rental income
France	242,408	3.5%	234,177
Spain	93,259	13.7%	82,018
Italy	23,790	-1.1%	24,055
TOTAL	**359,457**	**5.6%**	**340,250**

Growth in Gross rental income stands at 5.6% during financial year 2019.

Net Rental Income

	31/12/2019			
		Variation vs. 31/12/2018		31/12/2018
(in thousands of euros)	Net Rental Income	Constant scope	Current scope	Net Rental Income
France	224,131	2.2%	3.2%	217,268
Spain	87,216	5.5%	16.5%	74,891
Italy	21,837	3.3%	1.6%	21,499
TOTAL	**333,184**	**3.1%**	**6.2%**	**313,658**

Growth in Net rental income totalled €19.5 million, *i.e.* +6.2% during financial year 2019. Growth in Net rental income was higher than that of Gross rental income due to the dynamic management of unrecoverable expenses.

This increase splits as follows:

- like-for-like growth represents €9.7 million or +3.1% during the year. It is calculated on Net rental income over 2019[1]. Growth generated by the extensions delivered in 2018 and 2019, by acquisitions of new shopping centres in 2018 (no shopping centres were acquired in 2019), and by other effects (effect of strategic vacancies in particular) is excluded from like-for-like growth. The share of indexation in like-for-like growth is +1.6% and the impact of the first application of IFRS 16 in 2019 is +0.5% (also included in like-for-like growth). The scope of calculation for the like-for-like growth represents 89% of the overall scope in financial year 2019.
- growth generated by the extensions amounts to €4.6 million, or +1.5%. The extensions delivered in 2018 that generated this growth are: Athis-Mons, Besançon Chalezeule, Evreux Phase 2 and Saran. The Rennes Cesson extension was delivered in the second half of 2019 and is taken into account in this line.
- growth generated by acquisitions amounts to €6.9 million, or +2.2%. Acquisitions completed in 2018 are Marseille Vitrolles, Gran Via de Hortaleza, Antequera and the Pradera portfolio. The disposal of Grugliasco was also taken into account under this item.
- the contribution of other effects is €-1,7 million, i.e. -0,6%. These other effects notably include the impact of strategic vacancies, that allow for restructuring and extension operations.

Like-for-like growth by country

In France, growth in Net rental income on a like-for-like basis stands at +2.2%. It includes the effect of rent indexation of 1.8%. Reversion on renewals and income growth from Pop-up Stores and Specialty Leasing offset the slight decrease in financial occupancy rate for the period.

In Spain, growth in Net rental income on a like-for-like basis is +5.5%. It includes the effect of rent indexation of 1.1%. The financial occupancy rate in Spain continued to improve in 2019 and is a significant growth driver on a like-for-like basis. The reversion on renewals, the increase in revenue from Pop up Stores and Specialty Leasing also contributed to this growth.

In Italy, growth in Net rental income on a like-for-like basis is +3.3%; it includes a rent indexation impact of 0.6%. The performance of trade receivables turned out to be the main growth driver on a like-for-like basis during this financial year, the financial occupancy rate in Italy being near 100%.

(1) *In accordance with EPRA Best Practices.*

3.7.2 Operating expenses

Operating expenses

(in thousands of euros)	31/12/2019	31/12/2018
Income from management, administration and other activities	10,477	4,595
Other income	1,407	6,631
Payroll expenses	-25,145	-24,839
Operating expenses	-39,579	-36,961
PAYROLL EXPENSES	**-52,840**	**-50,574**

Operating expenses were up 4.5% at 31 December 2019 compared to the previous financial year. This €2.3 million increase is partially due to non-linear expenses recognised during the first half year and the increase in costs associated with scope and indexation effects.

Income from management, administration, other activities and other services

This income includes new lease commission, marketing fund services dedicated to the development and attractiveness of the centres (retailers' associations), the re-billing to the Carrefour group of the share of payroll expenses for shopping centre management and LouWifi fees.

The total amount of this revenue was €11.9 million in 2019, an increase of €0.7 million, i.e. + 5.9% compared to 2018. The increase is primarily due to the LouWifi fees in 2019.

Payroll expenses

Payroll expenses amounted to -€25.1 million at 31 December 2019; the increase of +1.2% takes into account the growth in the average number of employees compared to last year. Carmila has established bonus share-based payment plans for executives and some employees. Related benefits are recognised as payroll expenses.

Operating expenses

The main components of Operating expenses are marketing expenses, chiefly relating to the build-up of digital applications, and fees, including those paid to Carrefour for the provision of services (accounting, human resources, general services, etc.), as well as appraisal fees for the asset portfolio, legal and tax fees, including auditors' fees, financial communication and advertising fees, travel expenses and directors' fees.

The amount of the other external expenses was -€39.6 million in 2019, up 7.1%. This increase is explained by the higher variable expenses rising from the increased rental income (similarly to lease management) and by the expenses generated by the ramp-up of business development activities.

3.7.3 EBITDA

(in thousands of euros)	31/12/2019	31/12/2018
Operating income	**191,788**	**274,971**
Elimination of change in fair value	90,172	-13,589
Elimination of change in fair value in the Group share of companies consolidated under the equity method	-1,813	-1,225
Elimination of capital (gains)/losses	610	1,796
Depreciation of tangible and intangible assets	1,812	2,394
EBITDA	**282,569**	**264,347**

EBITDA stood at €282.6 million at 31 December 2019 up by 6.9% compared to the previous financial year. EBITDA growth is higher than gross rental income growth, bearing witness to the sound management of operating expenses and unrecoverable expenses by the Carmila teams.

3.7.4 Net financial income (expense)

FINANCIAL EXPENSES

(in thousands of euros)	31/12/2019	31/12/2018
Financial income	559	384
Financial expenses and allowances	-57,277	-54,011
Cost of net indebtness	**-56,718**	**-53,627**
Other financial income and expenses	-1,389	-4,931
NET FINANCIAL INCOME/(EXPENSE)	**-58,107**	**-58,558**

Net financial income (expense) amounted to -€58.1 million at 31 December 2019.

The cost of net debt stands at €56.7 million at 31 December 2019, up €3.1 million year-on-year; the bulk of the increase stemmed from interest paid on the bond issued in March 2018.

Other financial income and expenses show a strong favourable variation. This is due to the adjustment in the market value of the short-term investments which resulted in a provision of €2.1 million in 2018 and a net reversal for €2.0 million in 2019. This amount also includes the non-cash effect in connection with the application of IFRS 9; the proceeds from the 1-year extension of the maturity of the bank debt and the expense related to the adjustment of the effective rate of the debt to its original rate, resulting in a net effect of -€0.2 million for the financial year.

3.8 EPRA performance indicators

3.8.1 EPRA earnings and recurring earnings

EPRA EARNINGS

(in thousands of euros)	31/12/2019	31/12/2018
Consolidated net income (Group share)	**108,213**	**163,557**
Adjustments to EPRA earnings	**110,329**	**38,890**
(i) Changes in value of investment properties, development properties held for investment and other interests	90,172	-13,589
(ii) Profits or losses on disposals of investment properties	610	1,796
(iii) Profits or losses on disposals of properties held for sale	-	-
(iv) Tax on profits or losses on disposals	-	647
(v) Negative goodwill/goodwill impairment	-	
(vi) Changes in fair value of financial instruments and associated close-out costs	596	1,851
(vii) Acquisition costs for share deal acquisitions	-	
(viii) Deferred tax in respect of EPRA adjustments	20,764	49,410
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	-1,813	-1,225
(x) Non-controlling interests in respect of the above	-	-
(xi) Other adjustments	-	-
EPRA EARNINGS	**218,543**	**202,447**
Change vs N-1	*8.0%*	
Average number of shares	136,408,412	135,653,512
EPRA EARNINGS PER SHARE	**1.60**	**1.49**
Change vs N-1	*7.4%*	
Average number of shares (diluted)	136,705,504	135,860,096
EPRA EARNINGS PER SHARE (DILUTED)	**1.60**	**1.49**
Other adjustments	**1,989**	**5,074**
IFRS 9 adjustments[1]	167	-446
Debt issuance costs paid offset by the reversal of amortised debt issuance costs[2]	3,835	3,126
Other non-recurring expenses or (income)[3]	-	2,394
Recurring Earnings	**222,545**	**207,521**
Change vs N-1	*7.2%*	
RECURRING EARNINGS PER SHARE	**1.63**	**1.53**
Évolution vs N-1	*6.6%*	
RÉSULTAT NET EPRA PAR ACTION (DILUÉ)	**1,63**	**1,53**

Recurring earnings stand at €225.5 million for financial year 2019, up 7.2% over the financial year. Earnings per share are €1,63 up 6.6% compared to the previous financial year.

Comments on the other adjustments
(1) As part of the application of IFRS 9, an expense is recognised to adjust the effective interest rate of the debt to the original interest rate at inception, conversely income is recognised over the residual duration of this debt to reflect the renegotiation of the debt maturity. The net impact of these two effects is an expense of €0.2 million for financial year 2019.
(2) Debt issuance costs amortised on a straight-line basis over the duration of the loan are restated; debt issuance costs paid during the year are reintegrated in recurring income.
(3) Recurring earnings include reversal for valuation provisions from 2018 (income of €2 million) regarding cash positions. The provision impact was accounted for in recurring earnings in 2018.

3.8.2 EPRA Cost Ratio

EPRA COST RATIO

(in millions of euros)		31/12/2019	31/12/2018
(i)	Administrative/operating expense line per IFRS income statement	77.7	73.7
	Payroll expenses	68.0	62.1
	Property expenses	9.7	11.7
(ii)	Net service charge costs/fees	10.2	11.1
(iii)	Management fees less actual/estimated profit element	-10.5	-4.6
(iv)	Other operating income/recharges intended to cover overhead expenses less any related profits	-1.4	-6.6
(v)	Share of costs of equity-accounted companies	1.0	1.1
(vi)	Impairment of investment properties and provisions included in property expenses	0.0	-1.5
(vii)	Service charge costs recovered through rents but not separately invoiced	-1.8	-2.1
EPRA Costs (including direct vacancy costs)		**75.3**	**71.0**
(viii)	Direct vacancy costs	7.8	7.4
EPRA Costs (excluding direct vacancy costs)		**67.4**	**63.6**
(ix)	Gross Rental Income less ground rents – per IFRS	359.5	336.4
(x)	Less: service fee and service charge costs components of Gross Rental Income	-1.8	-2.1
(xi)	Add: share of Joint Ventures (Gross Rental Income less ground rents)	4.9	4.6
Gross rental income		362.6	338.9
EPRA COST RATIO (INCLUDING DIRECT VACANCY COSTS)		**20.8%**	**21.0%**
EPRA COST RATIO (EXCLUDING DIRECT VACANCY COSTS)		**18.6%**	**18.8%**

The EPRA Cost Ratio improved by -20 bps during financial year 2019 in comparison to 2018 (both excluding and including the cost of vacancies).

Structure expenses include Operating expenses, Payroll expenses, Other operating income and expenses as well as the non-billable land administration expenses.

Charges on real estate inconcern NAV, EPRA NAV and EPRA NNNAV.

3.8.3 Going concern NAV, EPRA NAV and EPRA NNNAV

Going concern NAV

GOING CONCERN NAV (INCLUDING TRANSFER TAXES)

(in thousands of euros)	31/12/2019	31/12/2018
Consolidated shareholders' equity – Group share	**3,540,434**	**3,646,899**
Elimination of the fair value adjustments of hedging instruments	25,556	18,746
Reversal of the deferred income tax on potential capital gains	175,685	154,419
Transfer taxes	317,358	320,994
Going concern NAV (including transfer taxes)	**4,059,034**	**4,141,058**
Change vs N-1	*-2.0%*	
Diluted number of shares comprising the share capital at period end	136,705,504	136,538,931
GOING CONCERN NAV PER DILUTED SHARE AT END OF PERIOD *(in euros)*	**29.69**	**30.33**
Change vs N-1	*-2.1%*	

The net asset value (NAV) includes property transfer taxes to provide a NAV in light of the going concern.

At 31 December 2019, the going concern NAV per share was €29.69, down by -2.1% compared to 31 December 2018. It accounts for the dividend of €1.50 per share that was paid in May 2019.

EPRA NAV

EPRA NAV

(in thousands of euros)	31/12/2019	31/12/2018
Consolidated shareholders' equity – Group share	**3,540,434**	**3,646,899**
Elimination of the fair value of hedging instruments	25,556	18,746
Reversal of the deferred income tax on potential capital gains	175,685	154,419
Optimisation of transfer taxes	57,723	56,065
EPRA NAV (excluding transfer taxes)	**3,799,399**	**3,876,129**
Change vs N-1	*-2.0%*	
Diluted number of shares comprising the share capital at period end	136,705,504	136,538,931
EPRA NAV (EXCL. TRANSFER TAXES) PER DILUTED OUTSTANDING SHARE *(IN EUROS)*	**27.79**	**28.39**
Change vs N-1	*-2.1%*	

The EPRA NAV (Net Asset Value) is an indicator of the fair value of a property company's assets. EPRA NAV is calculated by taking consolidated shareholders' equity Group share, which, stated at fair value, includes unrealised capital gains or losses on the assets. With a view to continuing operations, this indicator does not deduce the deferred tax on unrealised capital gains as well as the adjustment of fair value of financial instruments.

The transfer tax is optimised because the duty is calculated as if it involved sales of assets. However, certain assets are owned by individual companies and would be sold in a share deal in the event of a disposal. The duty would then be calculated and paid on a reduced basis.

At 31 December 2019, the EPRA NAV per share was €27.79, down by -2.1% compared to 31 December 2018. Restated to take into account the €1.50 per share dividend paid in May 2019, the NAV per share increased by €0.90, i.e. 3.2%.

NNNAV EPRA

TRIPLE NET ASSET VALUE (NNNAV EPRA)

(in thousands of euros)	31/12/2019	31/12/2018
EPRA NAV	**3,799,399**	**3,876,129**
Fair value adjustments of hedging instruments	-25,556	-18,746
Fair value adjustments of fixed rate debt	-66,320	-38,473
Actual taxes on unrealised capital gains/losses	-91,323	-113,771
Triple net asset value (NNNAV EPRA)	**3,616,200**	**3,705,139**
Change vs N-1	*-2.4%*	
Diluted number of shares comprising the share capital at period end	136,705,504	136,538,931
TRIPLE NET NAV (NNNAV EPRA) PER DILUTED OUTSTANDING SHARE AT END OF PERIOD *(IN EUROS)*	**26.45**	**27.14**
Change vs N-1	*-2.5%*	

Triple net asset value (NNNAV EPRA) is calculated by deducting from EPRA NAV the fair value adjustments of fixed-rate debt and the tax that would be owed on disposals in the event of liquidation (deferred taxes in Italy, and deferred taxes for single asset companies in Spain are restated, a share deal being more likely in the event of disposal). Financial instruments are also recognised at market value.

At 31 December 2019, EPRA NNNAV per share was €26.45, down by -2.5% compared to 31 December 2018. A dividend of €1.50 per share was paid in May 2019.

3.8.4 EPRA vacancy rate

	France	Spain	Italy	Total
Rental value of vacant premises *(in millions of euros)*	15.1	6.5	0.4	22.0
Total property portfolio rental value *(in millions of euros)*	264.5	107.8	24.3	396.6
EPRA VACANCY RATE	**5.7%**	**6.1%**	**1.6%**	**5.6%**
Impact of strategic vacancy	1.6%	2.5%	0.5%	1.8%
FINANCIAL VACANCY RATE	**4.1%**	**3.6%**	**1.1%**	**3.8%**

The EPRA vacancy rate at 31 December 2019 was 5.6%, slightly down compared to 2018 (-10 bps).

The EPRA vacancy rate is the ratio between the market rent of vacant areas and the total market rent (of vacant and rented areas). The rental value used to calculate the EPRA vacancy rate is the gross rental value defined by expert appraisal.

Strategic vacancies correspond to the vacant premises required to implement renovation, extension, or restructuring projects in shopping centres.

3.8.5 EPRA yield: EPRA NIY and EPRA "Topped-Up" NIY

EPRA NIY AND EPRA "TOPPED-UP" NIY

(in millions of euros)	31/12/2019	31/12/2018
Total property portfolio value (excluding transfer taxes)	**6,104.1**	**6,085.4**
(-) Assets under development and other	68.8	62.6
Value of operating portfolio (excluding transfer taxes)	**6,035.3**	**6,022.8**
Transfer taxes	317.4	321.0
Value of operating portfolio (including transfer taxes) (A)	**6,352.7**	**6,343.8**
Net annualised rental income (B)	**353.0**	**349.6**
Impact of rent adjustments	5.0	6.3
Net rental income excluding rent adjustments (C)	**358.0**	**355.9**
EPRA NET INITIAL YIELD (B)/(A)	**5.6%**	**5.5%**
EPRA NET INITIAL YIELD EXCLUDING RENT ADJUSTMENTS (C)/(A)	**5.6%**	**5.6%**

The weighted average residual duration of these rental arrangements is 1.5 year.

3.8.6 EPRA investments

Capital expenditures in investment properties by country are disclosed separately for acquisitions, developments and extensions, or capital expenditures in the portfolio on a like-for-like basis.

	France		Spain		Italy		Total	
(in thousands of euros)	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Acquisitions	5,390	172,205	2,969	285,013	0	4	8,359	457,222
Developments	0	11,600	0		0		0	11,600
Like-for-like investments	106,934	101,949	4,206	9,908	1,179	3,069	112,319	114,926
Extensions	68,296	75,847	0	0	442	2,277	68,738	78,124
Restructurings	19,552	3,529	0	0	0	0	19,552	3,529
Step-rents	9,899	8,417	1,914	1,566	45	0	11,858	9,983
Renovations	3,926	2,096	2,223	8,298	30	468	6,179	10,862
Maintenance capex	5,261	12,060	69	44	662	324	5,992	12,428
TOTAL INVESTMENTS	**112,324**	**285,754**	**7,175**	**294,921**	**1,179**	**3,073**	**120,678**	**583,748**

Acquisitions include a retail space in Barentin (Normandie), exploitation rights regarding Specialty Leasing in 8 galleries owned by the group in Spain and around 20 lands in France to set up relay antennas.

The development investments amounts to € 0 in 2019, because the group has not led any greenfield project. In 2018, Orléans Cap Saran's retail park was accounted for in this item line.

Lastly, investments on a like-for-like basis include extensions, restructuring works, tenant incentives, refurbishments, as well as maintenance CAPEX. In 2019 most investments were related to operations in France.

Extensions are mainly focused on the projects in Nice Lingosière (€41.6 million) and Rennes Cesson (€23.9 million);

Restructuring works and tenant incentives include this year's two major restructuring works in Bourg-en-Bresse (€2.6 million) and Cité Europe in Coquelles (€ 17.9 million);

Refurbishments are mainly related to assets that are being extended or renovated in France, mainly Bourg-en-Bresse, Rennes Cesson and Thionville. Furthermore, refurbishment works regarding the sites bought in 2018 in Spain have been initiated;

Maintenance CAPEX: these investments amount to 5% of total investments, and are mainly focused on assets being redeveloped where renovation and modernisation works have been carried out on existing parts in order to optimise value creation.

3.9 Financial policy

3.9.1 Financial resources

Bonds

On 17 July 2019, Carmila has obtained an AMF ("Autorité des Marchés Financiers") Visa for the EMTN (Euro Medium Term Note Program) program, giving the Company easier access to the bond market.

As part of its EMTN programme, Carmila issued a new bond (private placement) on 6 November 2019 with a maturity of 12 years and a coupon of 1.89%. Carmila's outstanding bond debt of €1,550 million at end-2018 rose to €1,600 million at end-2019.

Loans from banks – non-current

Carmila entered into a loan agreement with a banking pool in 2017. This agreement was re- negotiated several times since then. During 2019, its expected maturity of June 2023 was extended to June 2024. On 16 December 2019, Carmila repaid €100 million of this loan agreement, bringing the outstanding down from €770 million at 31 December 2018 to €670 million at 31 December 2019.

Compliance with the prudential ratios at 31 December 2019

The loan agreement, along with the revolving credit facilities are subject to compliance with financial covenants measured at the closing date of each half-year and financial year. At 31 December 2019, Carmila complied with the financial covenants.

Interest Cover Ratio

The ratio of EBITDA to the net cost of debt must be greater than 2.0 at the test dates.

Loan-to-value

The ratio of consolidated net financial debt to the fair value of the investment assets (including transfer taxes) must not exceed 0.55 on the same dates with the possibility of exceeding this ratio for one half-year period.

Debt Maturity

Debt maturity stands at 5.0 years at 31 December 2019.

INTEREST COVER RATIO

(in thousands of euros)		31/12/2019	31/12/2018
EBITDA	(A)	282,569	264,347
Cost of net indebtness	(B)	56,718	53,627
INTEREST COVER RATIO	**(A)/(B)**	**5.0**	**4.9**

LOAN-TO-VALUE RATIO

(in thousands of euros)		31/12/2019	31/12/2018
Net financial debt	(A)	2,241,766	2,177,233
Current and non-current financial liabilities		2,416,000	2,389,928
Net cash		-174,088	-70,518
Short term investment		-146	-142,177
Property portfolio including transfer taxes	(B)	6,421,482	6,404,613
LOAN-TO-VALUE RATIO INCLUDING TRANSFER TAXES	**(A)/(B)**	**34.9%**	**34.0%**
Property portfolio excluding transfer taxes	(C)	6,104,124	6,083,619
LOAN-TO-VALUE RATIO EXCLUDING TRANSFER TAXES	**(A)/(C)**	**36.7%**	**35.8%**

NET DEBT/EBITDA

(in thousands of euros)		31/12/2019	31/12/2018
Net debt	(A)	2,241,766	2,177,233
EBITDA	(B)	282,569	264,347
NET DEBT/EBITDA	**(A)/(B)**	**7.9**	**8.2**

Gross financial liabilities do not include issuance fees for borrowings and bonds, derivative hedging instrument liabilities (current and non-current), bank facilities and IFRS 16 financial liabilities.

Other loans

Carmila strives to diversify its sources of financing and their maturities, and has set up a short term commercial paper programme (NEU CP) for a maximum amount of €600 million, registered with the Banque de France on 29 June 2017 and updated every year. The outstanding balance of this programme at 31 December 2019 was €146 million with maturities mainly ranging from one to three months.

As part of its refinancing in 2017, Carmila negotiated new credit lines with leading banks, including:

- a revolving credit facility of €759 million, currently undrawn and for which the maturity has been extended to 16 June 2024;
- a revolving credit facility of €250 million under a club deal agreement with a limited number of leading banking partners close to Carmila maturing on 16 June 2020.

Breakdown of financial debt by maturity date and average rate

(in thousands of euros)	Gross amount	Starting date	Lease maturity
Bond issue I- Notional amount €600 million, coupon 2.375%	600,000	18/09/2015	18/09/2023
Bond issue II- Notional amount €600 million, coupon 2.375%	600,000	24/03/2016	16/09/2024
Bond issue III- Notional amount €350 million, coupon 2.125%	350,000	07/03/2018	07/03/2028
Private Placement – Notional €50 million, coupon 1.89%	50,000	06/11/2019	06/11/2031
Credit agreement	670,000	16/06/2017	16/06/2023
Commercial papers	146,000	31/12/2016	16/06/2023
TOTAL	**2,416,000**		

At 31 December 2019, the maturity of the debt was 5.0 years at an average interest rate of 2.1% including hedging instruments (excluding amortisation of issuance premiums, cancellation expenses for capitalised financial instruments and the non-utilisation fee for undrawn credit lines). The average rate excluding hedging instruments was 1.8%.

3.9.2 Hedging instruments

As the parent company, Carmila provides for almost all of the group's financing and manages interest-rate risk centrally.

Carmila has implemented a policy of hedging its variable rate debt in order to secure future cash flows by fixing or capping the interest rate paid. This policy involves setting up derivatives instruments such as interest rate swaps and options that are eligible for hedge accounting.

To optimise its hedging, on 16 and 17 December 2019, Carmila cancelled five fixed-rate payer swaps with maturities between 2020 and 2022 by paying a balance of €6.1 million. The notional amount of the five swaps cancelled was €275 million. To maintain optimal hedging, on 17 December 2019, Carmila set up a cap for a nominal amount of €100 million maturing in 2024, with a 0% strike by paying a premium of €0.2 million.

In December 2019, two caps with a total nominal amount of €100 million matured.

At 31 December 2019, the Carmila portfolio of derivative instruments set up with leading banking partners comprised:

- five fixed-rate payer swaps at 3-month Euribor for a notional amount of €385 million covering a period up to December 2027, for the longest of them;
- one cap for a nominal amount of €100 million maturing in 2023.

These hedging instruments, still effective, were recognised as cash flow hedges. The consequence of this cash flow hedge accounting is that derivative instruments are recognised on the closing balance sheet at their market value, with the change in fair value on the effective part of the hedge recorded in shareholders' equity (OCI) and the ineffective part in the income statement.

The fixed rate position represents 82% of the gross debt at 31 December 2019 (with Swap and swaption collar) and 86% including the Caps.

3.9.3 Cash

(in thousands of euros)	31/12/2019	31/12/2018
Cash	178,172	70,518
Cash equivalents	-	-
Cash and cash equivalents	**178,172**	**70,518**
Bank facilities	-4,141	-5,617
NET CASH	**174,031**	**64,901**
Marketable securities	146	142,177
NET CASH AND CASH EQUIVALENTS INVESTMENTS	**174,177**	**207,078**

3.9.4 Rating

At 16 July 2019, S&P confirmed Carmila's BBB rating with a "positive" outlook. On 24 September 2019, as part of a sectoral review, S&P revised Carmila's outlook from "positive" to "stable".

On March 27, 2020, S&P confirmed the BBB rating of Carmila and revised the outlook to negative due to uncertainties as to the impact of covid-19 health crisis and the shutdown of all non-essential stores, on the performance and ratios of retail REITs.

3.9.5 Dividend distribution Policy

In addition to legal constraints, Carmila's dividend policy takes into account various factors, notably the net income, the financial position and implementation of objectives.

Carmila's objective is to distribute to its shareholders an annual amount representing approximately 90% of recurring earnings per share. Where relevant, Carmila's payments will be based on distributable income, and premiums will be paid in addition to this distributable income.

It is reminded that, in order to benefit from the SIIC regime in France, Carmila is required to distribute a significant portion of its profits to its shareholders (within the limit of the SIIC income and distributable income):

- 95% of profits from gross rental income at Carmila level;
- 70% of capital gains; and
- 100% of dividends from subsidiaries subject to the SIIC regime.

Confident in the strength and effectiveness of Carmila's business model, the Company's management will ask the General Meeting scheduled for 14 May 2020 to approve the payment of a 2019 dividend matching that of 2018, i.e. €1.50 per share.

This dividend amount represents a payout ratio (dividend/recurring earnings) of 92.5% for 2019, versus 98.0% for 2018.

In the context of the spread of the current health crisis, the Company published a press release on 2 April 2020 regarding its **2020 objectives**, its **outlook,** the **postponement of its annual general meeting** to 29 June 2020 and its **2019 dividend to be paid in 2020**. **This information is not part of the management report adopted by the Board of Directors on 13 February 2020**. This press release, effectively and fully distributed in accordance with current regulations, is available on the Company's website (www.carmila.com) and is reproduced in ull after part 3.12 *Outlook* of the present document.

In addition, the Company draws attention to section 5.2 Risk factors of this document containing information on exposure to the risk of a Covid-19 type health crisis in the description of risk 10. Health, safety, security including the risk of health crisis (Covid-19 type).

3.10 Equity and shareholding

(in €)	Number of shares	Share capital	Issuance premium	Merger premium
On 1 January 2019	136,561,695	819,370,170	519,655,151	1,748,548,849
Cash payment dividend GM 16/05/2019	-	-	-	-138,314,000
New shares issued	120,148	720,888	-720,888	-
Adjustment on 2017 IPO-Capital increase costs	-	-	1,677,000	-1,677,000
ON 31 DECEMBER 2019	**136,681,843**	**820,091,058**	**520,611,263**	**1,608,557,849**

At 31 December 2019, the share capital was made up of 136,561,695 Class A shares, each with a nominal value of six euros (€6) fully subscribed and paid up. The share capital also includes 120,148 Class B shares, each with a nominal value of six euros (€6).

At 16 May 2019 the General Meeting confirmed, upon proposal from the board of directors, the payment of a 2018 dividend of €1.50 per share. Shares were traded ex-dividend on 21 May and paid in one instalment on 23 May. It has been offset against distributable income for €66,5 million, and the remaining amount against share premium for €138.2 million.

Furthermore, the company has issued 112,611 Class B shares, as part of the preferred share allocation plan for key employees and corporate officers of Carmila, approved by the General Assembly at 16 May 2018. The capital increase has been offset against share premium.

Carmila's share capital is divided among long-term associates. At 31 December 2019, the largest shareholder is the Carrefour group, which has an equity investment of 35.4% in Carmila's share capital, which it consolidates in its financial statements using the equity method. Carrefour is developing a strategic partnership with Carmila, aimed at revitalising and transforming shopping centres adjoining its hypermarkets in France, Spain and Italy. The other 64.6% of the share capital is mainly owned by long-term investors from major insurance companies or leading financial players. The second-largest shareholder is the Colony Group, which holds 9.3% of Carmila's share capital.

The shares of Carmila S.A. are admitted to trading in Segment A of Euronext Paris since 1st January 2018.

3.11 Additional information

3.11.1 Changes in governance

Resignation of the Chairman and Chief Executive Officer and appointment of a new Chairman and Chief Executive Officer

During the meeting of the Board of Directors of 15 May 2019, Mr Jacques Ehrmann resigned his functions as Chairman and Chief Executive Officer of Carmila. This resignation became effective on 30 June 2019.

Following the recommendation of the Compensation and Nominating Committee, the Board of Directors selected Mr Alexandre de Palmas to succeed Mr Jacques Ehrmann as Chairman and Chief Executive Officer of Carmila effective 1 July 2019.

Following an initial experience in commercial real estate with the Casino Group, Alexandre de Palmas, 45, exercised management functions at Clear Channel, Elior (commercial catering) and Carrefour Proximité. These experiences enabled Mr De Palmas to develop and leverage strong expertise in retail and marketing issues, valuable knowledge for the development of Carmila, a key player in shopping centres in France, Spain and Italy.

Appointment of Mr Jérôme Nanty as Director

Mr Jérôme Nanty was co-opted as Director during the Board of Directors meeting of 3 April 2019, as replacement for Mr Francis Mauger.

3.12 Outlook

Carmila's long-term growth prospects are sustainable. Carmila has excellent visibility for its income (long leases, indexation, highly stable occupancy rate), productivity gains that enable it to reduce its cost ratio, and a solid financial structure with stable and predictable cost of debt (S&P's BBB rating, long maturity debt, 82% of which is fixed rate, good financial liquidity). Furthermore, Carmila has powerful growth drivers at its disposal, including sustained organic growth, a carefully managed pipeline comprising large-scale structural and value-creating projects, and a local digital marketing strategy intended to help retailers develop their revenues.

In addition, Carmila's teams are agile, dynamic experts in the leading shopping centres in their local regions and focused on innovation. They are researching and developing promising growth drivers, such as land development in partnership with Carrefour Property, and continuing development of joint venture activities with double-digit 5-year IRR objectives.

Consequently, Carmila's management is confident in the sustainability and strength of the company's business model.

2020 will be a year of large project launches to develop the company's growth with the following objectives:

- three deliveries of development projects, in particular the extension of Nice Lingostière and the restructuring of Calais Coquelles with the establishment of Primark on 6,000 sqm;
- significant advances on flagship projects after the municipal elections;
- continued selectivity on acquisitions to concentrate on financially very favourable opportunities;
- acceleration of growth from Business Development.

In this context, Carmila's objective for recurring earnings per share growth is between +2% and +4% based on recurring earnings per share in 2019 of €1.61 per share, adjusted for the €2.0 million of financial income from securities recorded in the 2019 financial statements.

In the context of the spread of the current health crisis, the Company published a press release on 2 April 2020 regarding its **2020 objectives**, its **outlook** and its **2019 dividend to be paid in 2020**. **This information is not part of the management report adopted by the Board of Directors on 13 February 2020**. This press release, effectively and fully distributed in accordance with current regulations, is available on the Company's website (www.carmila.com) and is reproduced in full below:

The strict containment measures and temporary closure of shops imposed by the governments of the three countries in which Carmila operates, affect all of Carmila's shopping centres in which most of the shops are closed. However, they all remain open to provide free access to both the essential shops still in operation and the Carrefour hypermarkets that remain open to the public. Measures to support activities and businesses have been announced in the three countries, but have not yet been specified.

In this context, and while awaiting i) the clarification and/or implementation of these measures, and ii) further information on the means of ending the confinement, Carmila's Board of Directors has decided to postpone the General Shareholders' Meeting, initially planned on May 14, 2020, until June 29, 2020, in order to gain more visibility before making a final decision on the amount and terms of the 2019 dividend to be paid in 2020.

In addition, on February 13, Carmila announced that it had set a growth objective in recurring earnings per share for 2020 between +2% and +4%. To date, the uncertainties as to the duration of this health crisis and the extent of the measures that will be taken by the various governments make it difficult to forecast and estimate the 2020 results which will necessarily be impacted by the current crisis. Measures have been taken to postpone non-essential investments and further strengthen the company's cash position.

Carmila, while cautious in managing its available cash, reaffirms that it benefits from a strong financial profile, undrawn credit lines and a surplus cash position of more than 350 million euros, which will enable it to face this health crisis with confidence.

In addition, the Company draws attention to section 5.2 *Risk factors* of this document containing information on exposure to the risk of a Covid-19 type health crisis in the description of risk 10. Health, safety, security including the risk of health crisis (Covid-19 type).

3.13 Financial information as at 31 March 2020

The Company published a press release on 23 April 2020 regarding its activity over the first quarter of 2020 and Financial information as at March 31st, 2019.

Main information included in this press release is presented below.

Carmila Net Rental Income for the first three months of 2020 stood at **€82.7 million** compared with €81.3 million over the same period in 2019, resulting in an increase of **+1.7%**.

In thousands of euros	March 31st, 2020	March 31st, 2019	% change 2020/2019
Gross Rental Income	90,735	89,206	+1.7%
Net Rental Income	82,651	81,282	+1.7%
France	55,687	54,953	+1.3%
Spain	21,465	20,672	+3.8%
Italy	5,499	5,657	-2.8%

The growth in cumulative Net Rental Income at the end of March 2020, as compared to the first quarter of 2019, breaks down as follows:

- growth of Net Rental Income at constant scope: **+2.2 points**, including 1.4 point of indexation ;
- impact of extensions delivered in 2019 (Rennes Cesson): **+0.9 points** or **€0.7 million** of additional net rental income for the 1st quarter of 2020;
- other variations: -1.4 points which include strategic vacancy and the restatement accounted for in Italy during the first quarter of 2019 of the staggering benefits granted to tenants (rent-free period and step rents, according to IFRS standard IAS 17).

Rents of the 1st quarter of 2020 were invoiced and prepaid at the start of the quarter before the implementation of strict containment and temporary shutdown measures of non-essential retail activities, imposed by the governments of the three countries in which Carmila operates.

While awaiting i) the clarification and/or theimplementation of the plan to support activities and businesses in the three countries, and ii) further information on the means set forth to end the containment, the accounting rules on recoverable charges and depreciation of trade receivables were applied according to the same methodology as those applied in 2019 by the Company.

Carmila will launch discussions with all the retailers in its shopping centres, as soon as the store's reopening date is known, to speedily implement the necessary safety procedures for shop employees and their customers in order to allow the resumption of business activity as soon as possible. These discussions will also lead, on a case-by-case basis, to an analysis of the financial situation of each lessee and the adjustment of the conditions of the lease and the 2020 rent where necessary to support and perpetuate the activity of the retailers in the shopping centre. Presently, Carmila is committed to applying the recommendations of the landlord's representative bodies as set forth in their press release of April 17, 2020 and to cancel three months rent for its very small tenants whose shops are closed, in order give them additional liquidity. It is only at the end of the discussions, which will be conducted on a case-by-case basis with brands and retailers when the dates and conditions of the reopening of shops are known, that Carmila will be able to make public new earning targets for the year 2020.

4.

Corporate Social Responsibility

4.1 Non-financial performance statement

4.1.1 *Here we act*, Carmila's programme of responsible initiatives

2019 marked a turning point for Carmila, which increased and accelerated its CSR commitments. Carmila signed up to the United Nations *Global Compact* and has committed to upholding it and promoting its 10 principles. Its ambition is expressed in a programme of responsible initiatives entitled *Here we act*. This programme, which meets the requirements of stakeholders, brings together all initiatives which improve the impact of the company and is based on 3 pillars: giving fresh impetus to local regions, protecting the environment and employee engagement.

In response to the requirements of the French transposition of European Directive 2014/95/EU on Non-Financial Reporting (in French "*Déclaration de Performance Extra Financière*" or DPEF), integrated under Ordinance n°2017-1180 dated 19 July 2017, and in addition to Chapter 5, which provides details of all the risks facing the business, Carmila has produced an in-depth review of CSR risks associated with its business activity, connections, assets and the services it delivers. The *Here we act* programme is a response to the main risks identified and is described in part in the DPEF (4.I). We have not included the programme initiatives that do not fall within the scope of the DPEF and have instead included these in section 4.II. Other non-financial information.

4.1.1.1 A voluntary verification process

Given changes to the scope of Articles L.225-102-1 and R. 225-104 of the French Commercial Code, Carmila is not legally required to publish its reports. Carmila commissioned an independent third party to verify the accuracy and compliance of this report in accordance with the provisions of Article R.225-105 of the French Commercial Code. For Carmila, this verification process is a mean of improving the structure of its non-financial data process and reporting as well as its non-financial performance. The methodology used for this reporting is detailled in 4.2.5 Methodological notes.

4.1.1.2 Reference documents

The issues and risks analysed were pre-selected in light of Articles L. 225-102 and R. 225-105 of the French Commercial Code, the relevant major international standards (ISO 26000, Global Compact), sector studies (benchmark of CSR risks, collective CSR risk analysis with the real estate companies that are members of the national council of shopping centres), the GRI, EPRA, and GRESB frameworks and Carmila's in-house expertise.

The DPEF is also based on the CSR guidelines on sectoral reporting drafted and updated in by the CNCC *(Conseil National des Centres Commerciaux)* in 2018 and on the 17 United Nations Sustainable Development Goals, some of which were identified as a priority in terms of Carmila's activity.

CARMILA STRATEGY WITH REGARD TO SUSTAINABLE DEVELOPMENT OBJECTIVES

Carmila's CSR strategy and objectives	Carmila's objectives	Sustainable Development Goals
HERE WE ACT FOR THE LOCAL REGIONS	Acting to support local employment (see Section 4.1.2.1.b) Support retail brands and retailers through the digital transition (see Section 4.1.2.1.a) Invest in new dynamic retailers (see Section 4.1.2.1.c) Make shopping centres accessible to all (4.1.2.2.b) Incubate CSR initiatives in partnership with associations (4.1.2.2.a)	Decent work and economic growth Sustainable cities and communities
HERE WE ACT FOR THE PLANET	Eco-designing our buildings and making them more resilient (see 4.1.3.1.a) Operating our assets in a reasoned manner (see 4.1.3.1.b) Deploy a circular economy approach for our centres (see 4.1.3.1.c) Participate in the fight against climate change (see 4.1.3.2)	Responsible consumption and production Life on land
HERE WE ACT FOR EMPLOYEES	Being an inclusive and ethical business (see Section 4.1.4.2)	Gender equality

Structure of the CSR strategy

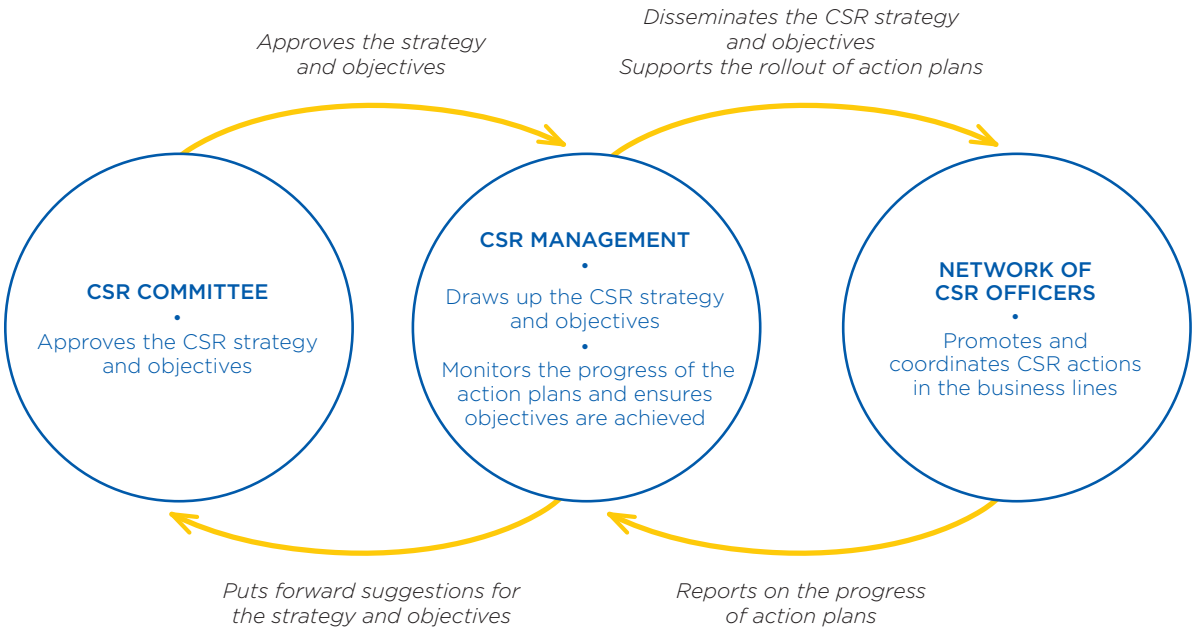
The CSR Committee steers the overall strategy and approves the objectives proposed by the CSR Management. It meets quarterly and is comprised of seven members:

- Deputy CEO;
- Chief Customer Officer, Digital & Innovation;
- General Secretary;
- CSR Director;
- Director Carmila Spain;
- Director Carmila Italy;
- CSR Manager.

Formed of the CSR director and CSR manager, the CSR management sets the strategy and objectives whilst overseeing the progress of action plans. This method ensures Carmila's CSR objectives are met.

Within the business lines, the network of CSR officers promotes and coordinates CSR actions. It is made up of employees of Carmila but also of its partner Carrefour Property. The CSR Department provides training in sustainable development either directly or through accredited partners.

COLLEGIATE AND OPERATIONAL MANAGEMENT OF THE CSR STRATEGY



Moreover, the CSR themes are also owned by employees and shopping centre managers, the latter of which benefit from a great deal of autonomy in the choice and implementation of CSR initiatives in their centres. This autonomy is a means of establishing a strong local presence and helps develop a closer relationship with local stakeholders.

4.1.1.3 Dialogue with stakeholders

In order to develop an appropriate CSR strategy, incorporate new commitments and collaboratively develop action plans, Carmila has established its arrangements for dialogue with stakeholders.

ARRANGEMENTS FOR DIALOGUE WITH STAKEHOLDERS

Stakeholder	Interlocutors	Dialogue arrangements	CSR issues
Retail brands and retailers	Shopping Centre Department Retailers' association	• Marketing campaigns called the Kiosk • Trade events and gatherings: trade fairs (SIEC, MAPIC), meeting of chairs of charities and charitable associations • Carmiday • Negotiating commercial leases	• Quality of relationship with retailers • Contribution to local economic development • Energy management policy
Investors including Carrefour	Investor Relations Department	• Registered document and press releases • Road show and conferences • Shopping centre visits	• Investor relations
Shopping centre customers People living and working in the area	Shopping Centre Department	• Social and environmental initiatives • Omni-channel and digital communication, events in partnership with retail brands • Media (press releases and packs, organised visits)	• Quality of relationship with clients • Links with the local voluntary sector
Local authorities around shopping centres State-run and public services (prefectures, fire services, local and national polices)	Shopping Centre Department	• Proactive, ongoing relations with involvement in projects within the catchment area	• Contribution to local economic development • Transport • Security of people and property
Employees	Human Resources Department	• Employee surveys • Breakfast meetings with management • Internal communication • Schools and universities • Integration of new recruits • Relations with employee representative bodies	• Well-being at work • Health and safety of employees • Diversity policy • Social dialogue • Talent management
Charitable associations and NGOs	Charity campaigns	• Regular and proactive relations • Local and national partnerships	• Links with the local voluntary sector
Trade bodies	CSR Department	• Membership of and participation in the CNCC *(Conseil National des Centres Commerciaux)*, Perifem, EPRA (European Public Real Estate), FSIF *(Fédération des Sociétés Immobilières et Foncières)*, C3D *(Collège des Directeurs du Développement Durable)* and OID *(Observatoire de l'Immobilier Durable)*	• Discussions on all the issues identified
Carrefour group	All Carmila employees	• Property management mandate with Carrefour Property and other service agreements. • Bi-monthly joint Carmila/Carrefour Property management committee meetings • Weekly meeting with Carrefour group CSR department	• Environmental policy on-site: energy, waste, water, green spaces, environmental certification
Service providers and suppliers	MOD (delegated project management) Department	• Supplier social and ethical charter • Calls to tender	• Responsible purchasing

4.1.1.4 Business model methodology

In accordance with Decree n°2017-1265 of 9 August 2017, Carmila has designed its business model for inclusion in the integrated report in 2018.

In order to design its business model, in 2018 the CSR Committee held a scoping meeting to agree its main strands. Following this meeting a working group was set up comprising:

- the Risk Department;
- the Communication Department;
- the Finance Department;
- the General Secretary;
- the CSR Department.

In 2018 the working group came together in three workshops to collaboratively develop Carmila's business plan to be presented to and signed off by Carmila's CSR Committee and Executive Management. It is updated each year by the same working group and signed off by Carmila's Executive Management. In 2019 the working group also met to update the business model. The business model covers the full scope of the Company's operations in all three countries (France, Spain and Italy).

4.1.1.5 Risk identification and mapping

In order to map its gross risks, Carmila adopted a collaborative approach in three stages:

1. Carmila analysed material CSR risks according to their significance for internal and external stakeholders, resulting in a materiality matrix of 21 issues produced in 2017 and 2018.
2. In 2018 Carmila took part in the working group of the *Conseil National des Centres Commerciaux* (CNCC), in order to work collaboratively to identify the main risks facing the sector. 12 CSR risk themes were rated by the five real estate companies according to five criteria of seriousness (impact on reputation, financial impact, impact on operations and legal impact) and one frequency criterion (likelihood of risk occurrence). Based on this rating, nine risk themes were identified as significant. This list is provided for information purposes to share the latest rational within the industry.
3. Using as a basis the materiality matrix and the risks identified by the CNCC which helped to put together a risk universe, Carmila set up a working group made up of the General Secretariat and the CSR Department to produce an analysis of CSR risks based on their significance for the business model and the likelihood of occurrence. A map of 12 risks was produced in 2018 and updated in 2019 in collaboration with the business lines. This mapping is signed off by the CSR committee each year.

Certain risks highlighted by Article L. 225-102 of the French Commercial Code were not included in the list of main risks since Carmila's activity has no impact on these themes:

- combating food waste, food insecurity, respecting animal welfare, promoting a responsible, fair and sustainable diet, and fighting tax evasion[(1)];
- Carrefour was given responsibility for managing two risks: responsible purchasing and corruption, health and safety;
- the importance of water as an issue is highlighted by the materiality analysis. It became even more important to preserve this resource during the Spanish materiality survey when the country was experiencing a drought. Whilst Carmila continues to pursue its water consumption management policy (details in Section 4.2.2), the theme has not been included as a main risk in its non-financial risk analysis since none of the sites are located in a water stress area.

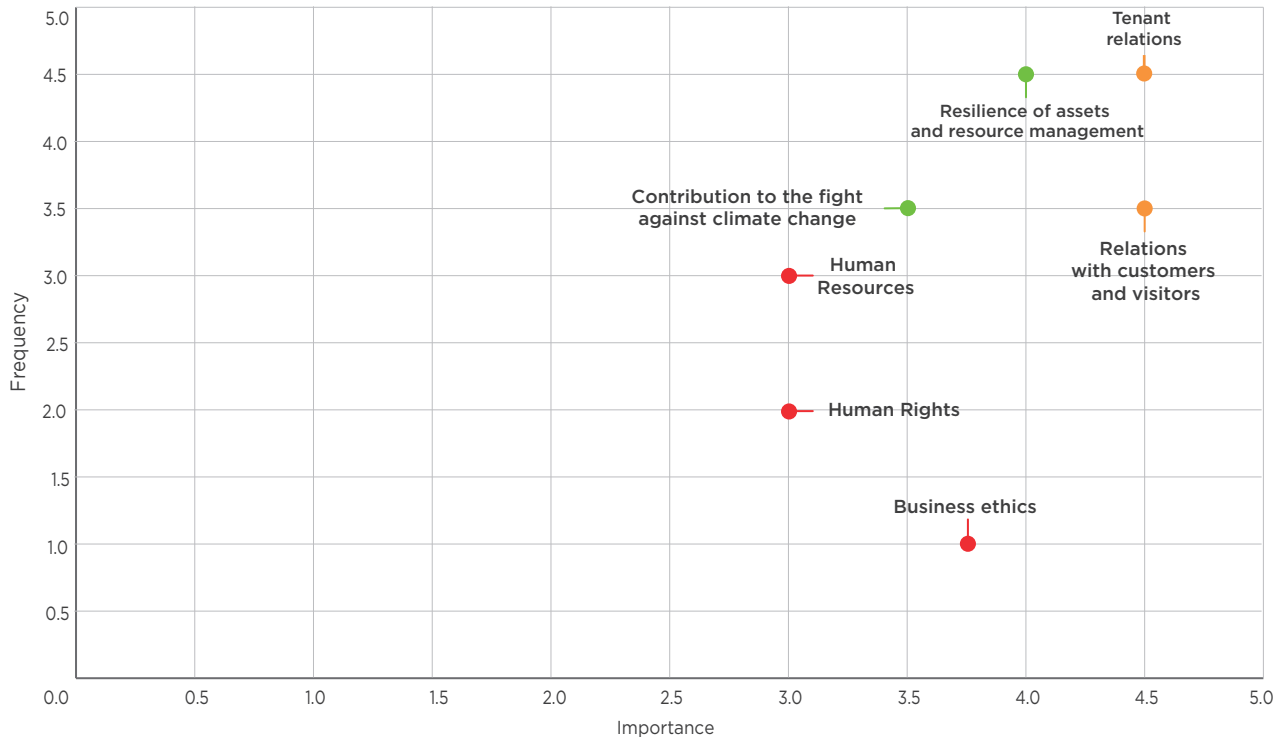
However, although this information is not included in the DPEF, information on these subjects is reported in Section 4.2 Other non-financial information.

Finally, in 2019, the CSR Department updated its risk mapping:

- The risk of artificialisation has been removed from the main risks because it is limited on Carmila's sites since the real estate company does not conduct *ex-nihilo* projects, solely extensions on existing assets. As such, in most cases the land is already impervious. Moreover, artificialisation no longer emerged from the materiality matrix as a material issue. As such, the indicator on artificialisation is no longer a key performance indicator.
- The Greenhouse Gas Effect (GHG) risk has also been renamed a "Contribution to the fight against climate change" and has absorbed the "transport and access risk". Indeed, the main issue addressed in this risk was allowing visitors access to the shopping centre by sustainable means of transport in order to limit the GHG impact. This new risk boosts Carmila's strategy for combating climate change.
- The risk of "Resilience of assets and managing the costs of operation" combines all issues associated with eco-design, certification, energy consumption and waste.
- Establishing a local presence and customer satisfaction have been clustered regrouped under "Customer and visitor relations" risk.

4

CSR RISK MAPPING



(1) *Carmila has not identified fiscal evasion as a major risk, as its activity and its subsidiaries are located exclusively in France, Spain and Italy. Besides, the company operates its activity in respect of legal provisions and regulations applicable (cf. Chapter 7 note 9), has never been subject to tax adjustment and its accounts are verified annually by auditors.*

4.1.1.6 Summary of our CSR strategy

As a response to these risks, Carmila's *Here we act,* strategy is based on 3 strands:

- HERE WE ACT FOR THE LOCAL REGIONS;
- HERE WE ACT FOR THE PLANET;
- HERE WE ACT FOR EMPLOYEES.

SUMMARY OF OUR CSR STRATEGY

Materiality matrix issue	Risk based on risk mapping	Actions	Indicator	Commitment	2019 results
HERE WE ACT FOR THE LOCAL REGIONS					
Contribution to local development Tenant services	TENANT RELATIONS	• Work with retail brands and retailers to develop local attractiveness • Support retail brands and retailers through the digital transition • Take action to support local employment • Support new dynamic retailers financially	Number of kiosk campaigns	10% increase in the number of kiosk campaigns by 2020 compared with 2018	11,305
			Retailer satisfaction rate	Produce a tenant satisfaction survey in 2019 in France and in 2020 in Spain and Italy	69%
Associations Sponsorship and philanthropy	RELATIONS WITH CUSTOMERS AND VISITORS	• Make the shopping centre a local focal point and site of community expression • Incubate CSR initiatives in partnership with associations • Make shopping centres accessible to all • Continuously improve the standard of service	Number of CSR events	Increase CSR events by 10% by 2020 compared with 2018	1,616
				Conduct an employment event with centre managers in 50% of centres in 2019 compared with 2018	38 sites
Customers				Conduct events related to health and nutrition in all centres with managers in 2019 compared with 2018	40 centres with a health and nutrition event 40 events on food transition
			Customers-visitors satisfaction rate	Roll out its customer satisfaction survey in Spain and Italy by 2020	87%
HERE WE ACT FOR THE PLANET					
Eco construction and certification	RESILIENCE OF ASSETS AND RESOURCE MANAGEMENT	• Ensure the optimised management of our sites through environmental certifications	Environmental certification rate	100% of new projects to be BREEAM Construction certified (ongoing)	100%
				75% of our assets (by gross asset value) to have environmental certification by 2021	61%
Energy consumption		• Optimise centre management through the installation of equipment that is energy-efficient or runs on renewable energy	Energy intensity of common areas (KWh) per sqm	Reduce energy consumption per sqm by 15% compared with 2017 by 2025 compared with 2017	- 13% at current scope
Waste		• Limit our waste	Rate of waste recovery	Recover 50% of waste by 2020 compared with 2017	60% at current scope
Emissions and GHG	CONTRIBUTION TO THE FIGHT AGAINST CLIMATE CHANGE	• Evaluate our carbon footprint (Scope 1, 2 and 3) • Reduce our GHG emissions • Make our sites accessible to low impact transport	Carbon intensity of common areas ($kgCO_2e$) per sqm	Produce carbon reporting by 2020	Achieved
				Reduce our carbon intensity per sq.m. by 15% by 2025 compared with 2017	New objective to be set according to the methodology
HERE WE ACT FOR EMPLOYEES					
Well-being at work Talent management Health and safety of employees	HUMAN CAPITAL	• Uncover everyone's potential	Satisfaction rate	Annual satisfaction survey	Achieved
			Training rate	Grant 100% of employees access to training by 2020	84%
Diversity Quality of social dialogue	HUMAN RIGHTS	• Be an inclusive business	Average annual managers remuneration	Get 90 to professional gender equality index by 2022	80 for UES in France
			Diversity charter	Establish a diversity working group in 2019	Achieved
	ETHICS	• Be an ethical business	Risk ethics trained employees rate	Conduct ethics risk awareness-raising for 100% of employees (ongoing)	94%

4.1.2 *Here we act* for the local regions

Background

Societal impact is a key strand of the Carmila's *Here we act* programme. Changes in consumer patterns and demand for greater transparency, traceability and collaboration requires retail brands and businesses to lead by example.

Moreover, consumer expectations in terms of shopping have largely evolved in recent years. In addition to traditional retail, customers are looking for living spaces with a range of services such as food outlets, sporting and leisure activities, useful time-saving services. Carmila is keen to respond to these new requirements by listening to its customers and offering them a range of services and activities.

Indeed, as a real estate company, what sets Carmila apart is its local presence. The shopping centre is designed as a living space that promotes the local economy, social ties and interaction. As such, Carmila is prioritising relations with its tenants and consumers as a means of establishing a lasting local presence. These were both identified as main risks in the Group's non-financial risk mapping.

Moreover, the quality of Carmila's relations with its tenants had already emerged as a material CSR issue for stakeholders.

4.1.2.1 Work with retail brands and retailers to develop local attractiveness

Ambition and performance

Support for retailers

Carmila offers its retailers free support to help them develop their commercial appeal through the kiosk.

NUMBER OF "KIOSK" CAMPAIGNS

	2017	2018	2019
Spain	194	1,364	5,776
France	1,964	4,015	4,940
Italy	93	366	589
TOTAL	**2,251**	**5,745**	**11,305**
Change	-	155%	97%

Thanks to the collaboration of Centre Managers, in 2019 Carmila met its 2020 objective to increase "Kiosk" campaigns by 10% compared with 2018, at Group level. Carmila wants to refine its objectives in 2020 to highlight the performance and quality of its actions.

In 2019 a panel of retailers took a satisfaction survey, the results of which were very positive. In France, 85% of respondents stated that Carmila had their full confidence as a manager of shopping centres and welcomed the digital tools made available to them, particularly the "Kiosk", Facebook and Instagram pages for their shopping centre.

In Spain, shopkeepers are satisfied with their location in the gallery and with the services provided by the centre to more than 70%.

RETAILER SATISFACTION RATE

Overall, as a retailer, from 1 to 10 what score would you give to express your satisfaction with your location in this Carmila shopping centre?	Spain	France	Total
Score of 7 to 10	46	539	585
Satisfaction rate	77%	69%	69%

Our actions

a) Support retail brands and retailers through the digital transition

For 5 years Carmila's Data and Innovation department has been devising a strategy for supporting retail brands and retailers in their development which is rolling out with the help of shopping centre management in each country. This strategy supports retail brands throughout their collaboration and addresses their issues.

Carmila offers a package of omni-channel and local marketing solutions for its tenants on a site called "The Kiosk": a unique range of local and digital marketing solutions tailored to the sales objectives of retail brands: visibility, traffic, customer loyalty.

The Group shares its expertise for boosting the performance of retail brands through:

- media support to improve the visibility of the point of sale with a huge range of communication tools;
- support for store openings or product launches;
- web-to-store support through its expertise in terms of creating engaging content and qualified databases.

Long-term support is offered to willing retailers. This policy is made possible on a daily basis by the provision of dedicated tools and the organisation of training; for example, for retail brands and retailers for their lease, or indeed for digital transformation at the *Smart Shopping Shows*.

Carmila is the first real estate company to offer the services of a digital platform for lease management enabling our retailers to get information and perform certain administrative tasks with just a few clicks. 663 tenants have used the platform in 2019.

In order to support its retailers, Carmila is also establishing partnerships with innovative start-ups whose ethos reflects the values of sustainable development.

b) Acting to support local employment

Carmila is aware that employment is a vector for local dynamism and as such wants to support any retail brands opening stores in their shopping centres to find employees. For this, in its centres Carmila is implementing a number of actions in partnership with local job agencies: sharing the job vacancies of each store on the centres' digital resources (website, Facebook), organising ad-hoc events (job forums, job dating). Participating tenants benefit from the high footfall attracted by the mall and thus improve their chances of finding the right candidate. 38 centres organised jobs initiatives in 2019.

c) Invest in new dynamic retailers

As an additional strand of its strategy, Carmila is funding dynamic, innovative retailers that require specific assistance to pursue their growth. Through its Business Development department, the business offers funding and donates its skills: phygital marketing, fitting out retail space, administrative relations with public stakeholders etc.

Through this scheme the retail brand *Barbe de Papa* has opened 40 barbershops in France and *Centros Ideal* has opened 10 beauty salons in Spain.

News

In France, retailers who benefited from a long-term boost (more than 6 actions) and a budget between 2000 and 2500 outperformed on average 8.4 points of turnover compared to other stores of the brand present at Carmila.

Our drive-to-store digital marketing is recognised by Google which is offering Carmila the opportunity to trial their new products. Since early 2019, Carmila has thus been the first in France to beta-test the latest Google Automated Bidding Artificial Intelligence innovations that make it possible to optimise marketing campaigns to generate in-person visits to sales outlets.

Many partnerships have been rolled out with the objective of supporting start-ups particularly from social economy organisations:

- Bilum, a company which gives used tarps on our building sites a new life;
- Too Good To Go with 130 retailers and 87 partner shopping centres and the option of reserving a "short date" basket directly via the shopping centre's website;
- Miimosa, a dedicated crowdfunding platform for the agriculture and the food of tomorrow: these are 8 projects which were supported through effective communication at our shopping centres;
- the Huclink job terminals in 7 centres: 72 job vacancies in our shopping centres advertised and 1,000 CVs received thus facilitating local recruitment for retailers in our centres.

In Spain, the Alcobendas centre is trialling new marketing tools to increase the range of services offered by the Kiosk. As such, a sticker was stuck on mirrors to publicise the offers of Club Carrefour for hairdressers and opticians. The Los Alfares centre, Talavera supported the release of a film by ArteSiete: over the course of a weekend customers were offered a full event with mascots and face-painting for children in the centre. In July, the cinema's revenues were up 58% compared with July 2018.

In Giussano, Italy, for the opening of Cotton & Silk, the centre put up decorations, launched Instore Radio and an operational launch kit. In terms of digital communication, teasers and a sponsored post were released on social media. The operation brought in more than €25,000 in turnover, more than 70% compared to the previous year, and 1,119 customers.

In 2019, Carmila joined forces with Pharmalley to open a pharmacy in Laon and transfer a dispensing pharmacy to Annecy.

4.1.2.2 Make the shopping centre a local focal point and site of community expression

Ambition and performance

Carmila also connects with shopping centre customers through social and environmental initiatives. In 2019, the company met its objective of a 10% increase in the number of CSR events at its shopping centres. In all three countries, in France, Spain and Italy, over 1,600 events on the themes of culture and sport, employment and sustainable development have been held. Since 2018, the number of events held in centres increased by 21%. The enthusiasm of customers and their interest in these events resulted in very positive comments on the social media of shopping centres and has prompted Carmila to maintain this commitment.

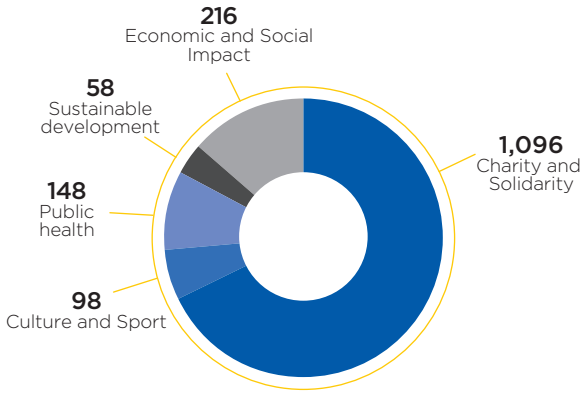
Health was a predominant theme in the total number of CSR events. Indeed 50% of Carmila sites with centre managers offer an event on health. These range from fundraising for charitable associations to prevention of all types (diabetes, AIDS, blood donation etc.) But Carmila also works with the Carrefour group on raising awareness of the food transition. In 2019, there were around forty actions in shopping centres aimed at educating customers on these new issues.

Events on the theme of economic and social impact also featured prominently. Indeed, one of the pillars of Carmila's strategy is to take action in the heart of all regions. As a consequence, the Group is taking action and in 2019 over 200 actions were implemented on this theme. In France, some 100 actions focussed on the theme of employment enabled 1720 CVs to be collected.

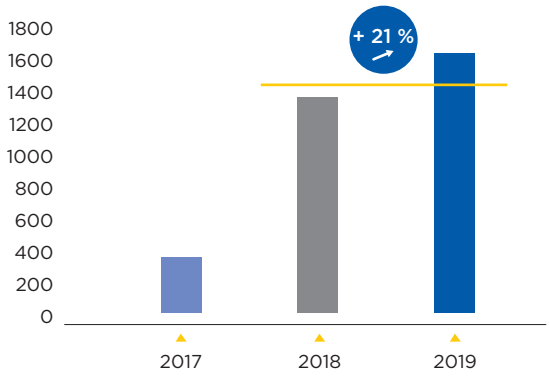
NUMBER OF CSR ACTIONS

	2017	2018	2019
France	157	554	642
Spain	102	537	678
Italy	82	249	296
TOTAL	**341**	**1,340**	**1,616**
TOTAL CHANGE	-	204%	21%

NUMBER OF CSR ACTIVITIES PER THEME



NUMBER OF CSR ACTIVITIES



Having met its target one year in advance, Carmila now wishes to accelerate its commitment to employment and responsible consumption. By 2021, on its sites with shopping centre management, Carmila is committed to:

- promoting employment at 100% of its centres;
- conducting 100 actions on the food transition;
- holding 30 events on ethical and/or second-hand fashion by centre by 2021.

For the first time, Carmila is publishing its customer satisfaction rate for the three countries. 87% of customers are satisfied with their visit which is evidence of the company's performance and its ability to listen to its customers.

4

CUSTOMER SATISFACTION RATE

	France	Spain	Italy	Total
Number of respondant	34,320	16,292	3,320	53,932
Score from 7 to 10	30,545	13,197	3,191	46,932
Satisfaction rate	89 %	81 %	96 %	87 %

In France and Italy, Carmila measures the net promoter score too.

NET PROMOTER SCORE

	France	Spain	Italy	Total
Number of respondant	34,320	NA	3,320	37,649
Score from 7 to 10	29,172	NA	3,192	32,364
Satisfaction rate	85 %	NA	96 %	86 %

Carmila wants to roll out the net promoter score in Spain in 2021.

Our actions

a) Incubate CSR initiatives in partnership with associations

For Carmila, the shopping centre is a place for living, interaction and expression of local life. Each centre management establishes partnerships with local charitable associations to enable them to raise customer awareness of their issues. They are free events which are held at the shopping centre. These events are divided into five themes:

- access to culture and sport;
- charity and solidarity actions;
- regional, economic and social impact;
- public health;
- sustainable development.

These partnerships enable the centres to engage with local stakeholders over the long-term and to address the concerns of residents in the centre's expansion. For Carmila, relations with customers of the shopping centres are established on the back of social and environmental initiatives, particularly measures promoting employment, ethical consumption and the food transition.

b) Make shopping centres accessible to all

Moreover, Carmila is striving to make its shopping centres accessible to all. In total, 9,196 adapted spaces have been made available for customers in France, Spain and Italy. These improve access to and the accessibility of our centres.

During renovations, Carmila pays particular attention to signage, both for customer comfort and safety. Finally, the scheme includes bicycle shelters and pedestrian walkways to the closest public transport.

CENTRES ACCESSIBILITY

	France	Spain	Italy	Total
Car-sharing	564	0	0	564
Family	921	792	220	1,933
Two-wheelers	1,145	1,011	294	2,450
Electric	200	78	6	284
Disabled	2,553	1,045	367	3,965
TOTAL	**5,383**	**2,926**	**887**	**9,196**

c) Continuously improve the standard of service

In order to improve the standard of service offered to customers, annual surveys are coordinated by the Data Insight department in France, Spain and Italy, covering the whole customer experience: centre cleanliness, the range of products and services on offer, travel times, means of transport used, awareness of CSR actions etc. More specific surveys are also carried out to respond to ad-hoc requirements.

In France, Carmila also uses mystery shoppers to audit the quality of service received. The mystery shopper evaluates the various stages of the visitor experience. The findings of these surveys are shared each month with centre managers and action plans are implemented with fast, practical corrective measures implemented. In 2018, in France, Carmila set up a panel of volunteer customers: The Shopping Lab. Over 2,500 customers regularly take surveys, post on forums, use suggestions boxes, share articles and react to the content posted in a digital space. This discussion forum is a means of connecting with the core customer base of Carmila shopping centres and, as such, enables customers to play a leading role in the evolution of their centres.

News

The most engaging actions include around forty events mostly in partnership with Hypermarkets on the food transition and supporting our customers to adopt a more balanced, seasonal diet, particularly through cookery workshops.

An emphasis is also placed on raising awareness of our purchasing habits and upcycling with eight clothing donation events held in partnership with local charitable associations (*Emmaüs, Le Relais*) and, in some centres, with local influencers, to raise awareness of our consumption patterns.

Our national partnership with French charity, *Secours Populaire français* has been bolstered with three highlights: a charity egg-hunt at Easter, a day for those who do not have the opportunity to go on holiday, *Les oubliés des vacances* in summer and *Green Santas* at the end of the year. This partnership has resulted in physical and digital events in our shopping centres. Attendance of our customers at events results in a donation being made to *Secours Populaire français* for the aforementioned campaigns. Donations totalled €20,000.

7 centres in Spain took part in *World Clean Up Day*, a global environmental event that is growing in size year-on-year. The obvious primary aim of this action for the protection of the planet is to clean our regions but also raise awareness of and campaign on the dangers of litter thrown in nature. During this day, local charitable associations were also able to promote themselves by providing volunteers with materials for cleaning beaches and towns.

In addition Carmila Spain, in partnership with Carrefour Property, is participating in the financing of new technologies to help children with cerebral palsy. This approach is made possible thanks to the Carrefour foundation, which raises funds and donates them to associations. €2.3 million have been raised since 2001 thanks to the partnership between the Carrefour foundation and the Spanish Confederation of People with Cerebral Palsy. This state-of-the-art equipment provides children with access to new and more advanced therapies to improve their social skills and their level of personal autonomy.

In Italy, the Gran Guissano centre held the Diversity Day to promote integration of disabled people through work.

4.1.3 *Here we act* for the planet

Background

Climate change and the scarcity of natural resources are phenomena to which the real estate sector must adapt in response to natural, societal and regulatory necessities. Indeed, greenhouse gas emissions from its activity contribute significantly to climate change with buildings accounting for some 20% of global greenhouse gas emissions. The political will expressed in the European Union's 2020 Climate Plan, the so-called "Energy and Climate Package" and, in particular, the Paris Agreement on Climate Change in 2015 through its target of limiting global warming to 2°C, make it all the more necessary for the sector to tackle these issues and take them seriously. Moreover, the growing frequency of extreme climate events raises the problem of the resilience of assets in an increasingly restrictive physical environment.

These increased climate restrictions and the resulting regulatory measures raise important issues of obsolescence for shopping centres which must, from the design phase, incorporate respect for the environment and resilience in addition to the standards of comfort and use that give them appeal. In operational terms, shopping centres must also take into account these restrictions and identify all of the necessary levers for reducing greenhouse gas emissions.

This context has led Carmila to identify the risk of resilience of assets and resource management and its contribution to the fight against the climate change as a main risk in its non-financial risk mapping.

Effective energy management of assets and their certification is a means of ensuring reasonable use of resources, limiting the Group's partipace in the fight against global warming and limiting increases in operating costs. Similarly, there are operational levers for limiting greenhouse gas emissions from operating shopping centres.

4.1.3.1 Incorporating our assets in the city of the future

Ambition and performance

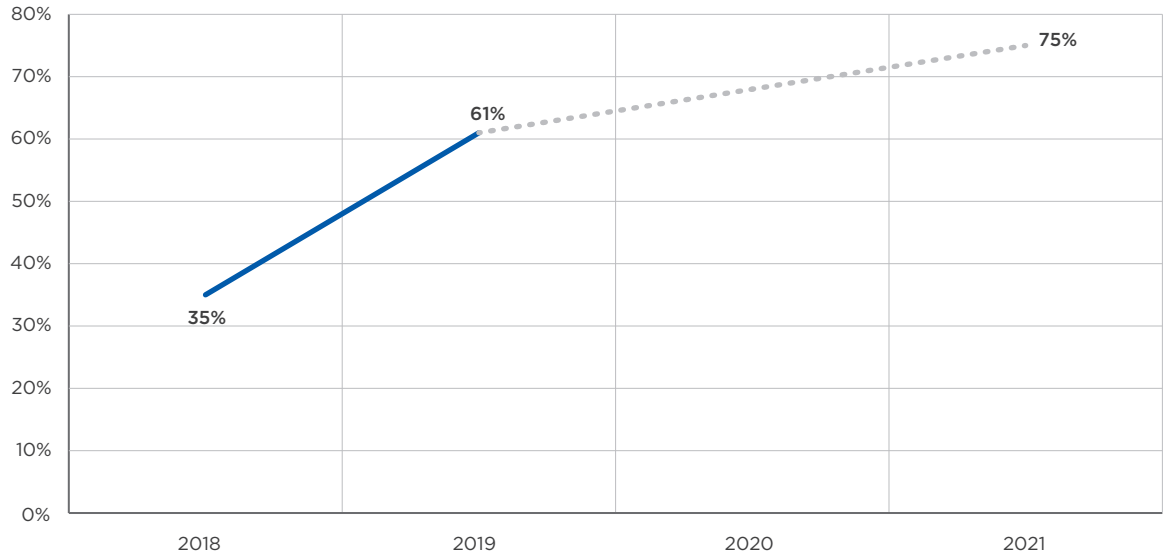
Environmental certification rate

In 2018, Carmila committed to certifying 75% of its assets in value by 2021 to substantiate the effective design and management of sites. This objective can be achieved through:

- Breeam New Construction certification with a minimum rating of Very Good for any extension projects of over 1,000 sq.m.;
- Breeam In-Use certification with a minimum rating of Good for operational sites.

As of 31 December 2019, 61% of assets in value had an environmental certification compared with 35% in 2018.

ENVIRONMENTAL CERTIFICATION RATE



Energy intensity of common areas

In order to reduce its environmental impact, Carmila has committed to a 15% reduction in its energy intensity by 2025.

ENERGY INTENSITY OF COMMON AREAS AT CURRENT PERIMETER

		Headquarter		France		Spain		Italy		Total	
	Unit	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Fossil energy	kWhEF	NA[1]	0	18,929,369	14,873,163	4,636,358	4,045,431	459,755	497,477	24,025,482	19,416,071
Natural gas	*kWhEF PCS*	*NA*	*0*	*18,929,369*	*14,839,594*	*4,636,358*	*4,013,083*	*459,755*	*484,615*	*24,025,482*	*19,337,292*
Fuel	*kWhEF PCS*	*NA*	*0*	*NA*	*33,569*	*NA*	*32,348*	*NA*	*12,862*	*NA*	*78,779*
Electricity	kWhEF	NA	331,759	49,034,137	47,838,441	25,848,811	25,220,459	8,385,910	8,140,136	83,268,858	8,1530,795
Municipal network	kWhEF	NA	0	NA	2 090 000	0	0	0	0	NA	2,090,000
Heating	*kWhEF*	*NA*	*0*	*NA*	*2 090 000*	*0*	*0*	*0*	*0*	*NA*	*2,090,000*
Cooling	*kWhEF*	*NA*	*0*	*NA*	*0*	*0*	*0*	*0*	*0*	*NA*	*0*
Other energies	kWhEF	NA	0	NA	0	NA	61,700	0	0	NA	61,700
TOTAL FINAL ENERGY CONSUMPTION	**kWhEF**	**NA**	**331,759**	**67,963,506**	**64,801,604**	**30,485,169**	**29,327,590**	**8,845,665**	**8,637,613**	**107,294,340**	**103,098,566**
PER SQM	**kWhEF/sqm**		**363**	**314**	**294**	**335**	**249**	**441**	**430**	**327**	**287**

(1) For the entire chapter, NA: Not available as the data has not been collected

ENERGY INTENSITY OF COMMON AREAS AT CONSTANT PERIMETER

		France		Spain		Italy		Total	
	Unit	2018	2019	2018	2019	2018	2019	2018	2019
Fossil energy	kWhEF	14,221,726	12,618,218	2,318,180	189,236	0	0	16,539,907	14,607,453
Natural Gas	*kWhEF PCS*	*14,153,085*	*12,587,386*	*2,318,180*	*1,976,599*	*0*	*0*	*16,471,265*	*14,563,985*
Fuel	*kWhEF PCS*	*68,641*	*30,832*	*0*	*12,636*	*0*	*0*	*68,641*	*43,468*
Electricity	kWhEF	41,833,893	39,591,356	18,686,584	18,005,629	1,213,591	1,702,271	61,734,068	59,299,256
Municipal network	kWhEF	NA	0	0	0	0	0	NA	0
Heating	*kWhEF*	*NA*	*0*	*0*	*0*	*0*	*0*	*NA*	*0*
Cooling	*kWhEF*	*NA*	*0*	*0*	*0*	*0*	*0*	*NA*	*0*
Other energies	kWhEF	NA	0	0	0	0	0	NA	0
TOTAL FINAL ENERGY CONSUMPTION	**kWhEF**	**56,055,619**	**52,209,574**	**21,004,764**	**19,994,865**	**1,213,591**	**1,702,271**	**78,273,974**	**73,906,709**
PER SQM	**kWhEF/sqm**	**308**	**287**	**279**	**266**	**406**	**569**	**301**	**284**

Significant changes in the scope of consolidation between 2017 and 2018 (addition of Spain and Italy) require Carmila to use 2018 as the reference year on a like-for-like basis.

ENERGY INTENSITY OF THE COMMON AREAS VARIATION

		2017	2018	2019	Variation
Energy intensity at current perimeter	kwhEF/sqm	327	327	287	- 12 %
Energy intensity at constant perimeter	kwhEF/sqm	NA	301	284	- 6 %

Waste recovery rate

Carmila implemented an efficient waste management and accounting system in 2019, which has enabled it to accurately calculate its recovery rate. Thanks to this methodology, the target of 50% of waste recovered has been achieved. New targets will be announced in 2020.

WASTE RECOVERY RATE AT CURRENT PERIMETER

	2017(1)	2018(2)	2019(3)	Variation 2018-2019
Total	6,646	14,268	13,617	+6%
RECOVERED	**965**	**2,918**	**8,132**	**+179%**
% RECOVERED	**15%**	**20%**	**60%**	**+24%**

(1) In 2017, the reporting includes only 44 sites in France.
(2) In 2018, reporting includes 58 sites in France and 14 in Spain.
(3) Including headquarter consumptions.

WASTE RECOVERY RATE VARIATION PER COUNTRY PER YEAR AT CURRENT PERIMETER

		Headquarter			France			Spain			Italy		
	Unit	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
TOTAL	**T**	**NA**	**NA**	**11**	**6,546**	**10,381**	**9,057**	**NA**	**3,887**	**4,416**	**NA**	**NA**	**132**
Recovered	t	NA	NA	11	965	1,735	6,476	NA	1,183	1,512	NA	NA	132
% RECOVERED	**%**	**NA**	**NA**	**100%**	**15%**	**17 %**	**72%**	**NA**	**30%**	**34%**	**NA**	**NA**	**100%**

WASTE RECOVERY RATE AT CONSTANT PERIMETER

	2018(1)	2019(2)	Variation 2018-2019
Total	13,700	12,778	-7%
RECOVERED	**1,738**	**7,168**	**312%**
% RECOVERED	**13%**	**56%**	**+43**

(1) In 2018, reporting includes 58 sites in France and 14 in Spain.
(2) Including headquarter consumptions.

WASTE RECOVERY RATE VARIATION PER COUNTRY PER YEAR AT CONSTANT PERIMETER

		France		Spain		Italy	
	Unit	2018	2019	2017	2019	2017	2018
TOTAL	**T**	**10,330**	**9,057**	**3,370**	**3,721**	**NA**	**NA**
Recovered	t	1,738	5,869	-	1,299	NA	NA
% RECOVERED	**%**	**17%**	**65%**	**0%**	**35%**	**NA**	**NA**

Our actions

Carmila is seeking to incorporate the concept of resilience and reasonable use of resources at each stage of the life of its buildings in the design phase and in-use.

a) Eco-design our buildings and increase their resilience

In order to guarantee the resilience of its assets in the face of climate change and ensure their lasting performance, Carmila has adopted a sustainable construction policy and, since 2017, has been awarded the internationally recognised Breeam New Construction certification with a rating of at least Very Good at the design stage and the realisation stage for its developments of over 1,000 sq.m.

Developed by the Building Research Establishment in 1990, BREEAM New Construction (Building Research Establishment Environmental Assessment Method) is a voluntary third-party certification of the environmental performance of buildings. It is one of the most internationally recognised. Two types of Breeam New Construction certificates are issued: the design stage before the project and the final stage once the project is done. Buildings' environmental impact are assessed and rated according to ten issues and the final score leads to the award of one of six certification ratings: Acceptable, Pass, Good, Very Good, Excellent or Outstanding. The assessment is based on nearly 70 criteria under ten categories:

- MANAGEMENT: the adoption of sustainable management practices and implementation of sustainability actions through the key stages of design, tender, construction, initial delivery, project management, etc.;
- HEALTH & WELL-BEING: daylight, internal and external lighting, natural ventilation, indoor air quality, volatile organic components, thermal comfort, acoustic performance, secure pedestrian access, etc.;
- ENERGY: energy efficiency, reduced CO_2 emissions (natural light, low-energy equipment, etc.), calculating the energy used, renewable energy, etc.;
- TRANSPORT: access to public transport, alternative modes of transport, safety of pedestrians and cyclists, access to local services (chemists, post offices, schools...), etc.;
- WATER: water consumption, detection of major leaks, irrigation systems, etc.;
- MATERIALS: Life-cycle analysis of materials, sustainability of materials, responsible sourcing, sustainable and resilient design, etc.;
- WASTE: construction waste management plan, recycling aggregates, local operational waste, etc.;
- ENVIRONMENT & ECOLOGY: ecological value of the site, protection and creation of ecological habitats, long-term improvement of biodiversity, implementation of ecologist's recommendations, etc.;
- POLLUTION: NOx emissions from heating systems, reduction of night time light pollution, reduction of noise pollution, minimising watercourse pollution, flood risk management, etc.
- INNOVATION: provides opportunities for exemplary performance and innovation to be recognised that are not included within other categories.

These issues are incorporated in the design of shopping centres at the operational level:

- The architecture of shopping centres is geared toward the minimisation of energy consumption, including access to natural light, selection of materials with high thermal inertia, optimised façade orientation and green roofs or high solar reflectivity to limit the need for heating and air conditioning;
- Natural materials that are more environmentally-friendly and have a lower carbon impact are preferred, such as wood from sustainably managed forests, glues, paints, varnishes and glazes bearing the "NF Environment" and "Ecolabel" labels in Europe or equivalent environmental labels, and materials requiring little energy consumption for production or that are made from natural and abundant materials;
- Renewable energy sources (such as solar water heaters, heat pumps and geothermal energy) are incorporated whenever possible;
- Each project is designed to integrate harmoniously into the natural or urban environment and to minimise its impact on the environment.

All projects applications made for building permits in the form of authorisations to operate retail facilities (AEC) include life-cycle analysis. Environmental and Health Declaration Forms (*Les Fiches de Déclaration Environnementale et Sanitaire* – FDES) are produced for materials so as to assess the impact on the environment and health of construction materials and equipment and decoration.

Moreover, where Carmila is working towards the "life-cycle analysis" criterion of the BREEAM New Construction certification process, life-cycle analysis (LCA) considers two scenarios for materials so as to choose the one with the lesser impact on the environment. Carmila studies opportunities for mixed use and the potential reversibility of its sites. Carmila identified a number of opportunities for mixed use in the area of health, in particular in Île-de-France. As such, dentist surgeries were planned at Villejuif and Reims Cernay, and health facilities opened in Gennevilliers, Montluçon and La Roche-sur-Yon.

Carmila is keen to reduce nuisance at the construction stage for the benefit of residents, workers and the environment. A Green Construction Site Charter was developed in France in collaboration with Carrefour Property setting out the commitments to be met and covering 100% of Carmila's construction sites. This charter is signed by all contractors. It is the framework for practices on the construction site regarding any soil and air pollution, any special protection areas designated by the ecologist, minimum impact of noise and vibrations on the local community, limiting water and energy consumption on-site.

b) Taking a smart approach to operating our assets

These choices allow assets to be managed more effectively, limiting operating costs and anticipating the resilience of its property portfolio. Carmila follows the Breeam In-Use framework to improve the management of its operational centres with the objective of achieving at least a "good" rating.

Through asset management:

In 2019, Carmila began a campaign to certify 75% of its assets in value by 2021 and is going to apply for the Breeam In-Use certification for many of its operational assets. In addition to this certification, through its new environmental policy, Carmila has set itself the target of a 15% reduction in its energy intensity and water intensity by 2025 compared with 2017 so as to limit the impact of increasing costs and scarcity respectively.

BREEAM In-Use certification includes 3 parts: part 1 on Asset Performance, part 2 on Building Management and part 3 on Occupier Management. Only parts 1 and 2 are evaluated at Carmila centres. BREEAM In-Use evaluation includes nine categories:

- MANAGEMENT: Environmental management system, purchasing policy, etc.;
- HEALTH & WELL-BEING: air quality, comfort, etc.:
- ENERGY: heating systems and performance, air- conditioning, ventilation, hot water, lighting, maintenance, etc.;
- TRANSPORT: infrastructure for cyclists, proximity to public transport, etc.;
- WATER: efficiency of facilities and water-saving systems, etc.;
- MATERIALS: fire safety, regular checks, etc.;
- WASTE: storage areas, etc.;
- ECOLOGY: specific surveys for biodiversity, etc.;
- POLLUTION: specific pollution, high-risk equipment, etc.

To meet its in-use certification objectives, Carmila is implementing various actions:

- technical improvements: Gradual introduction of high energy efficiency BMS (building management systems), consultation on building improvements focusing on ventilation and natural light and efficient lighting such as LED has gradually been installed at the vast majority of our sites;
- optimised monitoring: Gradual roll-out of remote readings of the main electricity meter in kw and of sub-meters in order to provide a detailed analysis of consumption associated with different uses (lighting, heating, air-conditioning), a report on monitoring is available on a dedicated web portal. This monitoring enables head office and local staff to be responsive to consumption, taking corrective measures on any overconsumption recorded;
- alert mechanism: Automatic alerts of any "overconsumption" have been introduced;
- improving practices: In 2018, all managers of operational real estate sites in France were familiarised with policies, instructions and best practice in terms of managing consumption, such as regulating temperatures.

Operational teams on the ground are also raising awareness among partner retailers by offering advice and sharing best practice to complement the environmental appendix attached to the commercial lease.

c) Adopting a circular economy approach for our centres

Finally, the treatment of waste has a direct impact on rental charges. Carmila is taking a circular economy approach to reduce this impact. During the operation of shopping centres, the main producers of waste are the retailers. This waste is mainly due to product packaging and logistical arrangements. The main types of waste are boxes, plastic and wet food waste. Depending on the size and type of the shopping centres, waste collection is managed directly by our asset manager Carrefour Property Gestion, handled by the Hypermarket or managed by the local authority. In France, Carrefour Property Gestion renewed its waste collection contract and put out a national call to tender in order to set up secure master agreements that meet the Company's requirements in terms of optimising collection and reporting. These new master agreements include:

- environmental reporting on tonnage collected;
- a poster campaign, communication and, as needed, training aimed at retailers;
- a three-year waste characterisation in order to optimise reduction, sorting and recycling.

Best practice is included in the appendices to commercial leases to raise awareness of this practice among tenants. The topic is also included in the welcome guide given to retail brands. Carmila has rolled out targeted initiatives in its shopping centres to improve the sorting system, improve communication on best practice and, where necessary, improve the monitoring of services. Specifications were reviewed and, as of 2019, the waste collection management contracts include remote readings from the waste compactor, the carbon impact of transport, the introduction of a collection circuit and the recovery of biowaste. The green space management contract provides a framework for green waste and the cleaning contract refers to the sorting of waste and the systematic use of two separate bags.

News

In order to respond to these risks, Carmila adopted its first environmental policy in 2019, incorporating objectives for 2025.

EXAMPLES OF ENVIRONMENTAL PRACTICES ON THE SITES DELIVERED IN 2019

Sites delivered in 2019	Transport	Water	Waste	Energy
Rennes Cesson	• Cycling and pedestrian paths at the centre • Bus stop 50 metres from the site entrance • 12 parking spaces for electric vehicles • 27 parking spaces for families • 5 car-sharing spaces	• Water-saving toilet facilities • Retention basins discharging into the existing network (1,028 sqm)	• Collection points for voluntary sorting and recycling in the centre • Sorting and recycling area for tenants and customers • The Green Construction Site Charter, a framework for managing construction waste	• RT 2012 -15% • Sub-metering by energy type (HVAC, lighting, DHW heating etc.) • Dusk sensor lighting • Rooftop type air heat pump for the mall • Water source heat pump for units
Bourg-en-Bresse	• 19 spaces for car-sharing • 30 bicycle spaces divided between 2 bicycle shelters • 6 parking spaces for electric vehicles • 3 parking spaces for families • Cycling and pedestrian paths on the site connecting to existing sustainable transport links • Access to the site by bus (bus stop 400 metres from the centre)	• 5 sq.m. thermal solar panels for DHW, on the roof (supply the existing toilet facilities at the shopping centre) • A drainage basin	• Recycling space in the car park and two in the mall • The Green Construction Site Charter, a framework for managing construction waste	• LED lighting • Natural light in the mall from multiple skylights and light shafts • Rooftop type reversible heat pumps • Green roof of 12 cm, over 300 sq.m. (increased insulation) • 5 sq.m. thermal solar panels for DHW, on the roof (supply the existing toilet facilities at the shopping centre)
Orange	• 6 parking spaces for electric vehicles • 7 car-sharing spaces • 24 permeable spaces • Bicycle park for 8 bicycles • 8 parking spaces for families • Cycling and pedestrian paths on the site connecting to existing sustainable transport links • Access to the site with a bus stop 50 metres from the centre	• Increase in the permeable area of the site (permeable spaces & green roof)	• The Green Construction Site Charter, a framework for managing construction waste • Waste collection terminals made available for customers in the mall	• LED lighting of the centre • External lighting for the site powered by a twilight switch programmed to be turned of at 10 PM • Natural light with numerous skylights and light shafts in the shopping mall • Reversible rooftop • Increased insulation from the green roof measuring 101 sq.m.

By establishing its centres in the towns and cities of the future, Carmila is committed to continually improving its environmental performance. In practical terms, in 2019 this policy resulted in Breeam New Construction certification being awarded with a Very Good rating for its Cap Saran retail park, (design and final stage) and for the extension of Rennes Cesson and Nice Lingostière (design stage).

For its sites in operation, Carmila has launched a major new project with Breeam in Use certification awarded for 43 sites in 2019 (5 in Italy, 7 in Spain and 31 in France) with a minimum rating of Good. 74% of the sites certified in 2019 achieved a Very Good or Excellent rating.

In order to ensure optimum effectiveness for the management of this large-scale project, a digital platform dedicated to the management of data generated by Breeam audits and enabling a detailed analysis of the data with the aim of producing targeted action plans has been rolled out in France. This software was awarded a "digital transformation" prize by Business Immo.

4.1.3.2 Contribution to fight against climate change

Ambition and performance

The perimeter is the same as the energy perimeter of the common areas (see methodological notes). For the first year, Carmila is carrying out a global carbon assessment.

CARBON INTENSITY OF COMMON AREAS AT CURRENT PERIMETER

Greenhouse Gas emissions (calculated with factors 2018)	Unit	Headquarter 2018	Headquarter 2019	France 2018	France 2019	Spain 2018	Spain 2019	Italy 2018	Italy 2019	Total 2018	Total 2019
Total emissions - *Market based*	**tCO_2e**	**NA**	**26**	**NA**	**7,328**	**NA**	**14,181**	**NA**	**4,960**	**NA**	**26,495**
Including direct ones (Scope 1)	tCO_2e	NA	0	NA	2,516	NA	750	NA	93	NA	3,360
Including indirect ones – Market based (Scope 2)	tCO_2e	NA	18	NA	3,032	NA	11,372	NA	3,966	NA	18,387
Including upstream – Market based (Scope 3)	tCO_2e	NA	9	NA	1,780	NA	2,058	NA	901	NA	4,748
***PER SQM* – MARKET BASED**	**$kgCO_2e/sqm$**	**NA**	**29**	**NA**	**33**	**NA**	**120**	**NA**	**247**	**NA**	**74**
Total emissions - *Location based*	**tCO_2e**	**NA**	**19**	**6,680**	**6,271**	**7,144**	**6,872**	**3,503**	**3,413**	**17,328**	**16,574**
Including direct ones (Scope 1)	tCO_2e	NA	0	NA	2,516	NA	750	NA	93	NA	3,360
Including indirect ones – Location based (Scope 2)	tCO_2e	NA	13	NA	2,377	NA	6,002	NA	3,305	NA	11,697
Including upstream – Location based (Scope 3)	tCO_2e	NA	6	NA	1,378	NA	119	NA	15	NA	1,517
***PER SQM* – LOCATION BASED**	**$kgCO_2e/sqm$**	**NA**	**21**	**31**	**28**	**78**	**58**	**174**	**170**	**53**	**46**

CARBON INTENSITY OF COMMON AREAS AT CONSTANT PERIMETER

Greenhouse Gas emissions (calculated with factors 2018)	Unit	France 2018	France 2019	Spain 2018	Spain 2019	Italy 2018	Italy 2019	Total 2018	Total 2019
Total emissions – Market based	**tCO_2e**	**6,235**	**5,725**	**10,336**	**9,910**	**723**	**1,015**	**17,294**	**16,650**
Including direct ones (Scope 1)	tCO_2e	2,409	2,135	429	369	0	0	2,838	2,504
Including indirect ones – Market based (Scope 2)	tCO_2e	2,226	2,106	8,426	8,119	591	829	11,243	11,054
Including upstream – Market based (Scope 3)	tCO_2e	1,601	1,484	1,481	1,423	132	185	3,214	3,092
***PAR SQM* – MARKET BASED**	**$kgCO_2e/sqm$**	**34**	**32**	**57**	**55**	**4**	**6**	**67**	**64**
Total emissions – Location based	**tCO_2e**	**5,311**	**4,850**	**4,920**	**4,692**	**493**	**691**	**10,724**	**10,234**
Including direct ones (Scope 1)	tCO_2e	2,409	2,135	429	369	0	0	2,838	2,504
Including indirect ones – Location based (Scope 2)	tCO_2e	1,652	1,564	4,447	4,285	493	691	6,593	6,540
Including upstream – Location based (Scope 3)	tCO_2e	1,249	1,151	44	38	0	0	1,293	1,190
***PER SQM* – LOCATION BASED**	**$kgCO_2e/sqm$**	**29**	**27**	**27**	**26**	**3**	**4**	**41**	**39**

CARBON INTENSITY VARIATION OF COMMON AREAS

	2018	2019	Variation
Greenhous Gas emissions per sqm – Market based – current	NA	74	NA
Greenhous Gas emissions per sqm – Location based – current	53	46	-13%
Greenhous Gas emissions per sqm – Market based – constant	67	64	-1%
Greenhous Gas emissions per sqm – Location based – constant	41	39	-2%

GHG EMISSIONS FROM REFRIGERANT LEAKS

	Unit	2019
GHG Emissions from Refrigerant Leaks	$ktCO_2e$	<1

In 2019, Carmila is assessing emissions from its activities on the most significant items in its Scope 3.

BREAKDOWN OF SCOPE 3 OF GHG EMISSIONS BY ITEM FOR FRANCE*

	Unit	2019	Scope 3 %
TOTAL GHG EMISSIONS WITH SIGNIFICANT CONTROL	**KTCO$_2$E**	**48**	**7**
GHG emissions from waste	ktCO$_2$e	2	0,3
Purchasing-related GHG emissions	ktCO$_2$e	7	1,1
GHG emissions related to employee transportation	ktCO$_2$e	<1	0,2
Construction-related GHG emissions	ktCO$_2$e	37	6
TOTAL GHG EMISSIONS WITH LOW CONTROL	**KTCO$_2$E**	**602**	**93**
GHG emissions related to consumption by private parties	ktCO$_2$e	28	4
GHG emissions related to visitor transportation	ktCO$_2$e	574	88
GHG emissions per visitor	kgCO$_2$e	<3	
TOTAL GHG EMISSIONS FROM SCOPE 3	**KTCO$_2$E**	**650**	

**Except upstream of the common areas.*

Actions

Combating climate change is a challenge for us all. In collaboration with stakeholders, Carmila is launching a carbon strategy as an effective response to climate challenges.

In order to limit climate change, Carmila wishes to limit its contribution to climate change by reducing its carbon footprint. Carmila is refining and gradually implementing a carbon strategy. In 2020, for the first time the company is calculating its carbon footprint (scope 1, 2 and 3) and can thus implement actions to reduce its GHG emissions. The biggest categories are visitor transport and construction. Reductions in scope 1 and 2 emissions are achieved through actions described in the asset resilience and resource management risk.

In order to reduce its scope 3 emissions which are essentially related to visitor travel, Carmila is making its centres accessible to sustainable transport (bicycles, electric cars and public transport) with the aim of increasing the space devoted to these forms of transport. To support this action, Carmila is committed to raising awareness of sustainable transport among visitors. Shopping mall construction plans include measures to encourage customers and employees to use sustainable modes of transport by putting in place:

- effective communication about getting to our shopping centres;
- where possible, additional stops agreed with bus companies;
- car-sharing areas;
- charging stations for electric vehicles;
- charging stations for electric bikes;
- cycle paths and cycle shelters connected to nearby public roads and pavements.

News

In 2018 in France, Carmila entered into partnership with Klaxit, a car-sharing app aimed at retailers and Carmila employees. Figures for 2019 are very good with over 10,000 journeys made using the app and a total of around 300,000 kilometres travelled avoiding over 32,000 kg of CO_2.

For the first time in 2019, Carmila documented the number of alternative spaces available in Spain and Italy in order to measure the accessibility of these centres in the three countries. This showed that there are now 9,196 adapted parking spaces across the Carmila Group, 5,231 reserved for sustainable transport and 3,965 for access to centres for people with reduced mobility.

4

BREAKDOWN OF VISITS BY MODE OF TRANSPORTS

4.1.4 *Here we act* for employees

Background

Employee engagement is a key factor in the successful growth of Carmila. This collective engagement has been developed and consolidated through various initiatives aimed at all employees, from their integration into the company and throughout their career. The HR Department, Management and team are mobilised daily to take action to foster an inclusive corporate culture based on the values of respect and non-discrimination. As a response to the many challenges and requirements of its employees, particularly young talent, Carmila is making its Human Resources policy a major asset based on listening to and the well-being of all.

In practical terms for Carmila, taking action every day for employees means promoting fulfilment, satisfaction, the pushing of boundaries and team spirit to develop and grow together.

Directly linked to these aspects, human capital, human rights and ethics have been considered as main risks in Carmila's non-financial risk mapping.

4.1.4.1 Revealing everyone's potential

Ambition and performance

The employee satisfaction rate as recorded in the annual survey remains very high with 87% of employees satisfied with their job. Carmila is implementing the necessary actions to maintain this satisfaction rate.

Carmila is innovating in its training provision, offering its employees new ways of learning and knowledge. In 2020 the aim is to catalogue and showcase all aspects of provision. In 2019, the percentage of trained employees increased.

HOURS OF TRAINING AND TRAINED EMPLOYEES RATE

		France	Spain	Italy	Total
2019	Average number of training hours per employee	12	31	28	19
	Total training hours	**1,192**	**1,376**	**392**	**2,960**
	Trained employees rate	78%	98%	100%	84%
2018	Average number of training hours per employee	15.6	42	10.24	21.4%
	Total training hours	**2,293**	**1,890**	**297**	**4,480**
	Trained employees rate	50%	97%	100%	65%
2017	Average number of training hours per employee	7.9	39.1	4.1	14.10%
	Total training hours	**1,100**	**1,604**	**62**	**2,766**

Our actions

Carmila is putting in place measures to retain talent from different sectors and with a range of expertise such as real estate, retail, innovation and data. These diverse skills have helped to instil a unique corporate culture, one which is inclusive, collaborative and responsible.

All employees are invited to take part in an induction programme to enable them to learn the culture, values and organisational structure of the company:

- an immersive and participatory induction day;
- a personalised, job-specific programme is organised including, in particular, meetings with members of the Management Committee and immersion in our shopping centres;
- a one-to-one meeting with the Human Resources Department.

The company supports employees throughout their career in developing and acquiring new skills and expertise, preparing them for the jobs of the future.

Carmila is implementing a major scheme to meet the needs of all, whatever their job or grade. This investment, which is seen both as a core responsibility of the company and a lever for competitiveness and sustainability, is accelerating the transformation of our culture.

- An *à la carte* training plan that is tailored to various profiles and different paces of learning. For this, employees have access to a traditional training plan offering job-related courses as well as personal development courses. This plan also includes personal coaching for those with strong potential.
- Employees have access to an e-learning platform "cap formation" developed and managed by the Carrefour group. Through this site, which can also be accessed through a smartphone app, employees can take e-courses with very short modules which are perfectly in tune with modern requirements.

Training for employees in the trends in our sector and issues that have a real impact on our activity was rolled out in 2019. This took the form of an invitation to employees at the Headquarter to four events in the year called "the keys to current affairs" and "trends investigation". Topics are determined by the Data Insight Department with the support of a reputed external expert such as Obsoco or Credoc.

A sustainable development course has been specially created by Carmila with the support of a reputed external firm. The aim of this course is to raise awareness among employees of global environmental issues and how they might affect our scope of activity. This course was complemented by a "sustainable development week" the aim of which was to train employees and raise awareness of this topic. An ecologist and specialist in sorting waste chaired conferences to which all head office employees were invited.

- The appraisal is an opportunity to take stock of objectives as well as expectations in terms of career development, to adapt the training plan and to assess the workload and work-life balance. Careers committees meet following annual appraisals to promote the sharing of information between departments and facilitate internal mobility.
- The *envie de bouger* (desire to move) platform lists all vacancies within the company and more generally the Carrefour group thus promoting internal mobility.

In order to attract the best talent on the market, Carmila has adopted an attractive and competitive compensation policy in the commercial real estate market and encourages the best performances through variable pay.

In all three countries, the compensation package comprises a fixed salary, annual variable compensation for managers and directors and, in the case of France, profit-sharing agreements and incentive plans. In 2019, a CSR criterion was included in the objectives on which the variable compensation of all employees is based.

News

Four conferences organised by the Data Insight Department on the following topics: medical surgeries, the seniors market, the paradoxical consumer and the future of shopping centres, as well as two conferences organised by the CSR Department on the topics of biodiversity and sorting waste.

2,960 training hours delivered as part of the training plan.

As part of our partnership with IOT Valley in Labège, a selection of employees was invited to take part in innovation sessions based on a methodology specific to start-ups to teach them to roll out projects using agile methods. Six employees took part in the IOT Valley programme.

100% of shopping centre managers in France took part in the "Retail coaching" programme. – Shopping centre managers benefited from a specific skills development programme, tailored to their role. This included training in press relations, training in public speaking as well as a "retail coaching" programme delivered by specialist external trainers in these areas.

4.1.4.2 Being an inclusive and ethical business

Ambition and performance

Professional equality between women and men

Carmila's workforce is equally divided (78 men and 91 women), and the issues of professional equality at all levels of the company will be a challenge for the years to come. This indicator is integrated into the CSR indicators that are included in the company's collective objectives.

In 2018, Carmila has set an objective to reduce the wage gap between women and men and has set up a working group in France. There has been a positive trend in all the Group's countries since 2017. In order to go further in its ambitions, Carmila is refining its objective and is committed to achieving 90 on the professional equality index (according to French decree no. 2019-15 of January 8, 2019) by 2022 which will improve various issues related to professional equality. In accordance with the law n°2018-771 of 05/09/2018, in France, Carmila, as a member of the UES Carrefour Property - Almia Management - Cargo Property, publishes its professional equality index as of 01/03/2020: it stands at 80/100.

AVERAGE ANNUAL MANAGERS COMPENSATION (in euros)

	Gender	2017	2018	2019
France	Women	50,595	51,746	52,275
	Men	59,185	60,908	61,105
Spain	Women	34,916	33,700	40,026
	Men	45,963	45,900	46,715
Italy	Women	36,259	46,390	45,153
	Men	48,125	47,120	51,997
Group	Women	NA	NA	49,737
	Men	NA	NA	56,531

PAY GAP VARIATION

	2017	2018	2019	Change 2017-2019
France	-15%	-15%	-14%	+1 pts
Spain	-24%	-27%	-14%	+10 pts
Italy	-25%	-2%	-13%	+12 pts
Group	NA	NA	-12%	NA

Business ethics

Carmila raises awareness and trains its employees in the fight against corruption and in business ethics.

RATE OF EMPLOYEES TRAINED IN ETHICAL RISKS

	France	Spain	Italy	Total
Number of employees exposed to risks	74	18	9	101
Number of employees trained	69	18	8	95
Percentage of employees trained in ethics	93%	100%	56%	94%

Our actions

Respecting diversity and rejecting all harassment and all discrimination are two of the principles in Carmila's Code of Ethics sent to all employees. These commitments are inspired by compliance with the conventions of the ILO on equal compensation (no. 100) and discrimination (no. 111).

Since 2018 Carmila has been a signatory to the Diversity Charter, which expresses a moral commitment to combat all forms of discrimination and implement diversity policies. Indeed, based on the conviction that the Company must reflect society, Carmila is committed to incorporating diversity in all its forms, particularly in terms of age, gender, state of health, disability, sexual orientation, social and geographical background, religious beliefs, political opinions, trade union activities, etc. This diversity and non-discrimination policy applies to all human resources procedures and decisions related to working conditions, in particular: recruitment, annual performance appraisals, calculating variable pay, training and progression.

Carmila is attentive to maintaining a gender balance and diversity in its workforce and has launched an action plan to achieve the best standards in this area. In 2018, a review by an independent consultancy identified areas for improvement. A number of measures were implemented:

- training offered to anyone returning from maternity leave;
- funding for special Cesu vouchers for child-minding;
- creation of a "workplace gender equality" committee;
- renewal of the remote working agreement.

In 2020, measures to improve gender balance on Executive bodies will be included in the policy.

Carmila is a business that promotes dialogue and collaboration and recognises the fundamental importance of work-life balance for employees and the right to disconnect from devices. The following collective agreements apply to Carmila France employees, as members of the economic and social unit (ESU) of Carrefour Property, Almia Management and Cargo Property:

- Collective agreement of Carrefour Property/ Almia Management ESU dated 16 December 2014;
- ESU collective agreement dated 15 June 2009 and its additional clauses dated 26 March 2014, 27 May 2016 and 27 September 2018;
- Minutes of the annual mandatory negotiations from 2015 to 2019;
- Collective agreement on the organisation of working time at the Carrefour Property ESU dated 23 June 2015;
- Collective agreement on "working time accounts" at the Carrefour Property ESU dated 19 June 2009;
- Group collective agreement establishing an additional guarantee for refunding health expenses for all staff dated 30 June 2014, following the signing of membership agreements by Almia Management, Carrefour Property Gestion and CPF Asset Management dated 30 June 2014 and the membership agreement of Cargo Property Management dated 27 September 2018;
- Group collective agreement establishing an additional guarantee for pensions for Managers and Supervisors dated 30 June 2014, following the signing of membership agreements by Almia Management, Carrefour Property Gestion and CPF Asset Management dated 30 June 2014 and by Cardety dated 1 June 2016, and the membership agreement of Cargo Property Management dated 27 September 2018;
- Group collective agreement establishing an additional guarantee for pensions for Employees dated 30 June 2014, following the signing of membership agreements by Almia Management, Carrefour Property Gestion and CPF Asset Management dated 30 June 2014 and the membership agreement of Cargo Property Management dated 27 September 2018;
- Agreement on social dialogue and the implementation of a Social and Economic Committee within the ESU dated 27 September 2019;
- Agreement on the implementation of the reform of workplace training, personal training accounts and interviews dated 20 December 2019;
- Carmila Group profit-sharing agreement and its additional clauses dated 16 June 2014, 23 June 2015, 28 January 2016, 20 June 2016, 28 April 2017, 26 June 2018 and 27 June 2019;
- Membership of the Carrefour group savings plan and the PERCO (group pension plan);
- Carmila Group Collective Incentive Plan dated 28 April 2017 and its additional clauses dated 26 June 2018 and 26 June 2019;
- Collective agreement on the introduction of remote working dated 20 December 2019;
- Group agreement on preparing for and supporting the social transformation (GPEC) dated 12 March 2019;
- Group collective agreement on the implementation of the right to disconnect from digital tools dated 7 July 2017;
- Group collective agreement on remote working dated 27 September 2019.

Carmila attaches a great deal of importance to the quality of life at work which has a direct impact on staff productivity. A number of actions on health and well-being have been implemented. Workshops on psychosocial risks were offered to employees as well as full health checks with the CIEM medical centre. The "cap formation" platform also offers numerous modules on the theme of quality of life at work and stress management.

The company encourages employees to get involved in humanitarian and social causes and supports employees wishing to do volunteer work.

Provisions on the dissemination of and respect for Carmila's ethical values are described in Chapter 5.2.3 et 5.4.2.5/6.

News

Spanish employees can take a course on well-being at work called "A tu Salud". An access to health event is held every Friday with the aim of improving work-life balance and increasing workforce productivity. 80% of employees are taking this course.

Various corporate concierge services are offered to head office employees to make their daily life easier as well as events to promote good workplace relations. Yoga classes have also been organised all year in France.

With the aim of promoting diversity, inclusion and a gender balance in the workforce, in accordance with the commitment we made in signing the diversity charter, a working group has been set up to make proposals on the topic of gender equality in the workplace.

Carmila has renewed its company agreement on remote working and launched a communication campaign aimed at employees and managers. 10 employees are benefiting from the scheme.

A training course on ethics and the "Loi Sapin 2" (law) is available online on the "cap formation" platform. All new employees are invited to take this module.

100% of employees in France have received the brochure “Our Code of Ethics” as well as the brochure “Policy for fighting against corruption and influence-peddling”. 93% have signed the statement of independence in France.

Finally, Carmila wants its employees to participate in experiences that reinforce solidarity and push individual boundaries within teams. With this in mind, two teams were set up for a 100 km charity walk organised by Oxfam last May with a donation to the charity of €1,500 per team.

In Spain, once a year, employees hold a “charity paddle tournament” the proceeds of which are donated to charity.

4.2 Other non-financial information

4.2.1 Relations with partners

Our actions

Working with local authorities

With its 215 shopping centres, Carmila is actively contributing to the economic activity of the catchment areas in which it is established. In this respect, Carmila is striving to establish proactive, long-lasting, sustainable relations with all administrations around its shopping centres so as to strengthen its local presence and contribute to building the regions of tomorrow. Throughout the year, Carmila ensures that it transparently maintains its contacts with elected officials, making sure they are the first to know about any Company developments, and that it is a partner in regional planning.

As a real estate company, Carmila is particularly keen on supporting local regions and places a focus on the outskirts as well as the town centre. Almost one in four shopping centres are in the centre or on the edges of a town. Carmila's relations with local authorities are first and foremost in the form of regular discussions with local elected officials and, where possible, actions that benefit a large number of people.

Collaborating with our suppliers

Carmila's purchases have a strong societal and regional impact, owing to their volume and the fact that the shopping centres are spread across three countries. Carmila uses a large number of suppliers and contractors, either directly or indirectly, most of which are regional players or the regional subsidiaries of major groups. These partnerships support a buoyant local economy in our catchment areas.

Carmila essentially purchases services and regularly hires social enterprise start-ups for catering at its events. Purchases in connection with development or renovation projects at its sites are made by Carrefour Property and operational management purchases by Carrefour Property Gestion and Carrefour.

Insofar as possible, in carrying out its extension, renovation and construction work, Carmila and its partner Carrefour Property are keen to promote local businesses. Departmental construction federations are systematically contacted in order to obtain a list of companies in the department or the surrounding area liable to respond to calls to tender.

Moreover, Carmila includes a specific administrative clause in its tenders relating to social integration through employment. As such, contractors for the main lots (in value and number of hours worked) must allocate 5% of the total number of hours worked on the project to target groups to support their professional integration.

Supplier ethics and social charter

Carmila's project contractors are required to adhere to Carrefour' Ethics and Social Charter. Requirements include adherence to the eight main conventions of the International Labour Organisation (ILO) and the principles of the UN Global Compact.

The Charter is sent to all suppliers involved in calls to tender for extension or renovation projects. In signing they are bound to adhere to the following five principles throughout all stages of the commercial relationship:

- strict legal compliance;
- no infringement of competition law;
- avoid conflicts of interest;
- reject any corruption;
- guarantee confidentiality.

Purchasing Charter of the *Conseil National des Centres Commerciaux* (CNCC)

Carmila appends the CNCC Purchasing Charter to all service agreements: cleaning, caretaking, maintenance, waste management, etc. The Charter includes ethical and social practices. In particular it establishes the principle of fair selection of partners based on objective criteria for comparison. It stipulates that the partners are opposed to and committed against any form of active or passive corruption, and have committed to observing the Conventions of the International Labour Organisation (ILO), social regulations and any regulations specific to its business, particularly:

- not to discriminate in the hiring and management of staff and to promote equal treatment;
- not to use undeclared work;
- to comply with legislation on managing working hours, pay, training, trade union rights, health and safety;
- to comply with local legislation on employing people with disabilities.

Safety and legal compliance of construction sites

Safety and legal compliance of construction sites is covered by a prevention and control system.

Across all sites, a health and safety officer (*coordonnateur sécurité et protection de la santé* – CSPS) oversees the safety of the various contractors. In order to ensure better customer safety, the contract drafted by Carmila expands the CSPS's remit beyond the site itself.

In accordance with the French duty of vigilance law, Carmila asks all contractors working on its sites for a set of documents as evidence of the legality of its activities, that employees are covered by employment law and the validity of insurance. In order to facilitate the gathering of these documents and ensure that they are authentic and compliant, Carmila calls on a specialist contractor to collect and check these documents.

For its extensions, Carmila has also opted for additional services to monitor staff working in the zone and check their identity. The aim of these regular, unannounced checks is to prevent undeclared sub-contracting and prevent the use of staff that cannot be checked through the building industry ID card.

News

In 2019, 73% of the cost of works at Carmila construction sites in France went to local businesses.

As part of the Evreux project, Carmila was awarded the "Trophée de la clause sociale" for its commitment to social inclusion. Over 25,000 hours of work have been carried out with people re-entering the workplace.

4.2.2 Water

Ambition and performance

The Group's results illustrate the control of consumption for the entire scope of consolidation. Water consumption decreased by 10% compared to last year. As for our objective of reducing our water intensity by 15%, it was achieved in 2019 with a 21% decrease. Comparison with 2017 is difficult because the scope was reduced.

WATER CONSUMPTION (MUNICIPAL SOURCE ONLY) AT CURRENT PERIMETER

	2017	2018	2019	Variation 2018-2019
TOTAL WATER CONSUMPTION	**153,823**	**490,981**	**442,929**	**-10%**
Total water intensity	0.77	1.44	1.15	-21%

	2017	2018	2019
Spain	-	154,770	198,142
France	153,823	201,046	118,841
Italy	-	135,165	125,946

Our actions

Carmila's property assets are not located in water stress areas and do not have high water consumption rates. Nonetheless, a process to manage consumption on the sites starts at the design phase and continues right up until the operational phase. Carmila as an objectif to reduce by 15% its water intensity by 2025. It has already reached its goal.

WATER CONSUMPTION (MUNICIPAL SOURCE ONLY) AT CONSTANT PERIMETER

Group	2018	2019	Variation 2018-2019
TOTAL WATER CONSUMPTION	**258,417**	**237,994**	**-8%**
Total water intensity	1.17	1.08	-8%

Water management planned from the centre design phase

During the design phase, several rainwater management schemes are implemented depending on the project and its characteristics (region, soil type, water level, etc.):

- water retention structures restricting the flow of run-off on site;
- in car-parks, landscaped swales promote the absorption of water to limit its speed and pre-filter pollutants;
- Specific treatment facilities are installed (oil separators, oil removers, etc.).

Additionally, from the design phase, measures are put in place to limit future water consumption:

- installation of rainwater recovery tanks, to clean public areas of the mall, supply public toilet facilities and water green spaces;
- installation of water-saving equipment in toilets, such as flow limiters, dual flush mechanisms, etc.

Managing water consumption during shopping centre operation

The main demands on water consumption are the shopping centres' toilets and cleaning. Although water consumption is not a major issue for the Company, with the help of Carrefour Property Gestion, Carmila is striving to monitor and limit its consumption through a range of initiatives.

By way of an example, in France:

- Water consumption is monitored in real time on a dedicated web portal. Real-time remote metering enables head office and local staff to be responsive to consumption, taking corrective measures and carrying out repairs as needed.
- Comparative consumption analysis for the same types of store draws the attention of retail brands to the need to manage their water consumption.
- An external contractor is responsible for quickly identifying and reporting water leaks.
- As renovations are carried out, mall toilet facilities are fitted with water-saving equipment: flow limiters, dual flushes, etc.
- Finally, cleaning contractors have been chosen by our portfolio manager, Carrefour Property Gestion, on the basis of their environmental and social commitment.

The green spaces adjoining the shopping centres are all owned by third parties and managed by Carrefour Property Gestion. However, Carmila strongly encourages the owners and manager to ban automatic watering and select plant species that are suited to the region and do not consume a lot of water.

In 2018, all managers of French sites were trained in monitoring and managing water consumption, in particular in using the web portal, knowledge of policies, instructions and best practices.

4.2.3 Protecting biodiversity

Ambition and performance

Carmila planted 7,000 trees in partnership with Reforest'action when the extension to the Rennes Cesson shopping centre was built. In total, more than 38,000 trees have been planted since 2017.

In 2019 Carmila launched an initiative to protect biodiversity and wants to draw up a charter applicable to all its sites.

Our actions

In order to protect biodiversity, the company is implementing actions such as planting a tree for every square metre sold during extension projects. Certifications have been put in place to promote biodiversity such as BiodiverCity in Evreux. This certification will be rolled out to other sites.

Biodiversity is one of the issues taken into account when the shopping centres are designed. Carmila does not choose sites in designated biodiversity protection zones. For each shopping mall construction or extension project, an ecologist conducts a fauna and flora survey. The environmental survey and associated recommendations help the site to be more effectively integrated into the ecosystem with, in particular:

- adaptations made for local fauna: insect hotels, nesting boxes and beehives;
- extensive management of green spaces, which re-establishes an ecological balance, brings together or combines different species and favours maintenance equipment that is the least disruptive for the plants and wildlife sheltered there;
- ecological management of green spaces, with the following aims: the absence of phytosanitary products, monitoring the emergence of invasive species and limiting water consumption requirements;
- a preference for indigenous plants, which require less care, less water and attract local wildlife.

Thus, from the site design stage, ecologists, landscapers and architects work together to create landscaping that takes into account the specific nature of the local fauna and flora.

A biodiversity working group which includes the MOD, technical and CSR departments was launched in 2019.

Carmila wants to roll out the BiodiverCity label to certain sites such as Evreu. BiodiverCity is the leading international label for taking into account biodiversity in real estate, construction and renovation projects. It assesses and displays the ecological performance of buildings based on four major axes:

- axes 1 and 2 focus on commitment and resources, respectively;
- axes 3 and 4 focus on assessing the ecological benefits and benefits for users.

The Évreux shopping centre, a leading example of biodiversity protection, was the first of Carmila's shopping centres, and the first retail park in France to be awarded the BiodiverCity label.

4

News

Sites delivered in 2019	Biodiversity
Rennes Cesson	• Construction on land that was already waterproof (car parks) • Creation of an under-ground car park (no additional artificial surfaces) • Creation of 751 sqm of green spaces (total of over 37,500 sqm after the project) • 50 trees planted • 5 nesting boxes
Bourg-en-Bresse	• Construction on land that was already waterproof (car parks) • Creation of 1,241 sqm of additional green spaces on the forecourt (4,250 sqm after the project) • 67 new trees • 3 nesting boxes • 2 insect hotels • Green roof takes up 60% of the area of new roofing (300 sqm), with a 12 cm substrate • A drainage basin
Orange	• Around 5 beehives on shopping centre roofs • 3 nesting boxes • 1 insect hotel • 5,098 sqm of green spaces • 101 sqm of extensive green roofs • 10 additional trees planted (128 in total)

In Spain, a partnership agreement has been signed with the Forest Stewardship Council to plant trees every time a contract is signed with operators in the shopping centre network.

4.3 Cross-reference table, methodological notes and report by the Statutory Auditor

4.3.1 Cross-reference table

4.3.1.1 Societal indicators: *Here we act for the local regions*

EPRA code	Indicator	DPEF indicator	Unit of measurement	2017	2018	2019
Comty-Eng	Percentage of shopping centres having implemented job initiatives		%	NA	NA	31
Comty-Eng	Number of CSR events	✓	Number	341	1,340	1,616
	Number of Kiosk events	✓	Number	2,251	5,745	11,305
H&S-Asset	Percentage of shopping centres having undergone a safety audit		%	NA	NA	39
	Percentage of shopping centres (in value) having distributed a clients-visitors satisfaction survey		%	46	46	94
	Clients-visitors satisfaction rate	✓	%	86	87	87
	Percentage of shopping centres (in value) having distributed a retailer satisfaction survey		%	NA	NA	28
	Satisfaction rate based on retailer satisfaction survey	✓	%	NA	NA	69
	Percentage of shopping centres located less than 500 m from a public transport stop		%	NA	NA	58
	Percentage of customers travelling to shopping centres in car and by motorcycle		%	86	86	85
	Percentage of customers coming on foot		%	8	8	8
	Percentage of customers travelling to the shopping centres by bicycle		%	1	1	1
	Percentage of customers travelling to the shopping centres by public transport		%	5	5	6
	Number of charging stations for electric vehicles		Nb	NA	NA	280
	Percentage of shopping centres equipped with charging stations for electric vehicles		%	NA	NA	17

4.3.1.2 Environmental indicators: *Here we act for the planet*

EPRA Code	Indicator	DPEF Indicator	Unit	2017	2018	2019
	Total final energy consumption of common areas at current perimeter	✓	**kWh**	**60,284,142**	**107,294,340**	**103,098,566**
	Fossil fuels	✓	kWh	14,049,245	24,025,482	19,416,071
	• Natural gas	✓	kWh	14,049,245	24,025,482	19,337,292
Fuels - Abs	• Heating oil	✓	kWh	NA	NA	78,779
Elec - Abs	Electricity	✓	kWh	46,234,897	83,268,858	81,530,795
DH&C – Abs	District network	✓	kWh	NA	NA	2,090,000
DH&C – Abs	• District heating	✓	kWh	NA	NA	2,090,000
DH&C – Abs	• District cooling	✓	kWh	NA	NA	0
	Other energies	✓	kWh	NA	NA	61,700
Energy- Int	Energy intensity of common areas	✓	kWh/sqm	327	327	287
	Total final energy consumption of common areas at constant perimeter	✓	**kWh**	**30,726,248**	**28,262,477**	**73,906,709**
	Fossil fuels	✓	kWh	NA	NA	14,607,453
	• Natural gas	✓	kWh	NA	NA	14,563,985
Fuels - Lfl	• Heating oil	✓	kWh	NA	NA	43,468
Elec - Lfl	Electricity	✓	kWh	NA	NA	59,299,256
DH&C – Lfl	District network	✓	kWh	NA	NA	0
DH&C – Lfl	• District heating	✓	kWh	NA	NA	0
DH&C – Lfl	• District cooling	✓	kWh	NA	NA	0
	Other energies	✓	kWh	NA	NA	0

EPRA Code	Indicator	DPEF Indicator	Unit	2017	2018	2019
Energy-Int	Energy intensity of common areas	✓	kWh/sqm	317	327	284
	Renewable energy consumption		kWh	NA	NA	61,700
	Percentage of centres powered by renewable energy		%	NA	NA	1
GHG - Dir - Abs	**Total GHG emissions - Market based, of common areas at current perimeter**	✓	**$ktCO_2e$**	**NA**	**NA**	**26,495**
GHG - Dir - Abs	Including direct ones (Scope 1)	✓	$ktCO_2e$	NA	NA	3,360
GHG - Dir - Abs	Including indirect ones - Market based (Scope 2)	✓	$ktCO_2e$	NA	NA	18,387
GHG - Dir - Abs	Including upstream ones - Market based (Scope 3)	✓	$ktCO_2e$	NA	NA	4,748
GHG-Int	Carbon intensity of common areas - Market based	✓	$kgCO_2e/sqm$	NA	NA	74
GHG - Dir - Abs	**Total GHG emissions - Location based, of common areas at current perimeter**	✓	**$ktCO_2e$**	**NA**	**17,328**	**16,574**
GHG - Dir - Abs	Including direct ones (Scope 1)	✓	$ktCO_2e$	NA	NA	3,360
GHG - Dir - Abs	Including indirect ones– Location based (Scope 2)	✓	$ktCO_2e$	NA	NA	11,697
GHG - Dir - Abs	Including upstream ones– Location based (Scope 3)	✓	$ktCO_2e$	NA	NA	1,517
GHG-Int	Carbon intensity of common areas – Location based	✓	$kgCO_2e/sqm$	NA	53	46
GHG - Dir - Lfl	**Total GHG emissions - Market based, of common areas at constant perimeter**	✓	**$ktCO_2e$**	**NA**	**17,294**	**16,650**
GHG - Dir - Lfl	Including direct ones (Scope 1)	✓	$ktCO_2e$	NA	2,838	2,504
GHG - Dir - Lfl	Including indirect ones – Market based (Scope 2)	✓	$ktCO_2e$	NA	11,243	11,054
GHG - Dir - Lfl	Including upstream ones– Market based (Scope 3)	✓	$ktCO_2e$	NA	3,214	3,092
GHG - Int	Carbon intensity of common areas – Market based	✓	$kgCO_2e/sqm$	NA	67	64
GHG - Dir - Lfl	**Total GHG emissions - Location based, of common areas at constant perimeter**	✓	**$ktCO_2e$**	**NA**	**10,724**	**10,234**
GHG - Dir - Lfl	Including direct ones (Scope 1)	✓	$ktCO_2e$	NA	2,838	2,504
GHG - Dir - Lfl	Including indirect ones- Locations based (Scope 2)	✓	$ktCO_2e$	NA	6,593	6,540
GHG - Dir - Lfl	Including upstream ones - Location based (Scope 3)	✓	$ktCO_2e$	NA	1,293	11,190
GHG - Int	Carbon intensity of common areas - Location based	✓	$kgCO_2e/sqm$	NA	41	39
GHG - Dir - Abs	**GHG Emissions from refrigerant leaks**	✓	**$ktCO_2e$**	**NA**	**NA**	**<1**
GHG - Ind - Abs	**Scope 3 emissions**	✓	**$ktCO_2e$**	**NA**	**NA**	**650**
GHG - Ind - Abs	GHG emissions related to consumption by private parties	✓	$ktCO_2e$	NA	NA	28
GHG - Ind - Abs	GHG emissions related to visitor transportation	✓	$ktCO_2e$	NA	NA	574
GHG - Ind - Abs	GHG emissions from waste	✓	$ktCO_2e$	NA	NA	2
GHG - Ind - Abs	Purchasing-related GHG emissions	✓	$ktCO_2e$	NA	NA	7
GHG - Ind - Abs	GHG emissions related to employee transportation	✓	$ktCO_2e$	NA	NA	<1
GHG - Ind - Abs	Construction-related GHG emissions	✓	$ktCO_2e$	NA	NA	37
Water - Abs	Total water consumption at current scope		m^3	153,823	490,981	442,929
Water - Lfl	Total water consumption at constant scope		m^3	120,664	112,184	237,994
Water - Int	Water intensity at current perimeter		m^3/sqm	0.77	1.44	1.15
Water - Int	Water intensity at constant perimeter		m^3/sqm	NA	1.17	1.08
Cert - Tot	Environmental certification rate (by value)	✓	%	27.7	35	61
Cert - Tot	Percentage of certified centres BREEAM-In-Use by value		%	NA	NA	59
Cert - Tot	Percentage of certified centres BREEAM New Construction by value		%	NA	NA	24
Cert - Tot	Number of BREEAM In-Use certified centres		Nb	NA	7	48
Cert - Tot	Number of BREEAM New Construction certified centres		Nb	NA	NA	18
Waste - Abs	Total quantity of waste at current perimeter	✓	tonnes	6,546	14,268	13,617
Waste - Abs	Quantity of non-hazardous industrial waste at current perimeter	✓	tonnes	5,581	11,350	5,485
Waste - Abs	Quantity of waste recovered at current perimeter	✓	tonnes	965	2,918	8,132
Waste - Abs	Recovery waste rate at current perimeter	✓	%	15	20	60
Waste - LfL	Total quantity of waste at constant perimeter	✓	tonnes	NA	13,700	12,778
Waste - LfL	Quantity of non-hazardous industrial waste at constant perimeter	✓	tonnes	NA	11,962	5,610
Waste - LfL	Quantity of waste recovered at constant perimeter	✓	tonnes	NA	1,738	7,168
Waste - LfL	Recovery waste rate at constant perimeter	✓	%	NA	13	56

4.3.1.3 Social Indicators: *Here we act for employees*

EPRA Code	Indicator	DPEF Indicators	Unit	2017	2018	2019
Gov-Board	Composition of the highest governance body		Nb et ID	See chapter 6	See chapter 6	See chapter 6
Gov-Selec	Procedure for nomination and/or selection to the highest governance body		Narrative explication	See chapter 6	See chapter 6	See chapter 6
Gov-Col	Procedure in place to deal with conflicts of interest		Narrative explication	See chapter 6	See chapter 6	See chapter 6
	Total staff		Nb	196	209	231
	Staff on permanent contracts		Nb	171	180	190
	Staff on non permanent contracts CDD		Nb	4	3	5
	Number of apprentices		Nb	21	26	36
	Number of interns		Nb	1	5	3
	Interim staff		Nb	NA	NA	3
	Full-time staff		Nb	NA	NA	229
	Part-time staff		Nb	NA	NA	2
Diversity-Emp	Total number of women		Nb	98	108	119
Diversity-Emp	Total number of men		Nb	98	101	112
Diversity-Emp	Percentage of women		%	50	52	52
Diversity-Emp	Percentage of men		%	50	48	48
Diversty-Emp	Total number of women in the non-executive category		Nb	19	27	31
Diversty-Emp	Total number of women in the executive category		Nb	72	75	88
Diversty-Emp	Total number of women in the Director category		Nb	8	6	6
Diversty-Emp	Total number of men in the non-executive category		Nb	15	11	14
Diversty-Emp	Total number of men in the executive category		Nb	68	75	98
Diversty-Emp	Total number of men in the Director category		Nb	13	15	16
Diversty-Emp	Number of women on the Executive Committee		Nb	3	2	2
Diversty-Emp	Number of men on the Executive Committee		Nb	8	9	8
Diversty-Emp	Number of women on the Direction Committee		Nb	5	4	6
Diversty-Emp	Number of men on the Direction Committee		Nb	10	13	15
Diversty-Emp	Number of women on the Board of Directors		Nb	6	6	6
Diversty-Emp	Number of men on the Board of Directors		Nb	11	11	10
Diversty-Emp	Number of women on permanent contracts promoted during the year		Nb	NA	NA	8
Diversty-Emp	Number of men on permanent contracts promoted during the year		Nb	NA	NA	12
Diversty-Emp	Number of women hired during the year		Nb	NA	NA	42
Diversty-Emp	Number of men hired during the year		Nb	NA	NA	27
Diversty-Emp	Number of women trained during the year		Nb	NA	NA	74
Diversty-Emp	Number of men trained during the year		Nb	NA	NA	88
	Number of employees with disabilities		Nb	3	2	1
	Mean age				NA	38,3
	Number of employees under 30 years old				54	65
	Number of employees between 30 and 50 years old		Nb	129	135	140
	Number of employees over 50 years of age		Nb	19	20	26

EPRA Code	Indicator	DPEF Indicators	Unit	2017	2018	2019
Diversity-Pay	Gender pay gap	✓	%	- 20,6	- 14	- 12
Diversity-Pay	Average annual remuneration for women managers	✓	€	40,590	43,981	49,737
Diversity-Pay	Average annual remuneration for men managers	✓	€	51,091	51,412	56,531
Emp-turn	Number of people hired on fixed-term contracts (excluding apprentice contracts)		Nb	6	2	7
Emp-turn	Number of permanent hires		Nb	47	27	35
Emp-turn	Number of departures of permanent contract			18	16	27
Emp-turn	Turnover (permanent contract)	✓	Nb	22	13	17
Emp-training	Total hours of training	✓	Nb	2,766	4,480	2,960
Emp-training	Average number of training hours per employee trained	✓	Nb	14.1	21.4	19
Emp-training	Proportion of trained employees	✓	%	NA	65	84
Emp-training	Training budget		€	435,022	531,390	211,708
Emp-training	Training contribution rate (training budget / payroll)		%	NA	NA	1.8
H&S-Comp	Building Health and Safety Compliance		Nb of accidents on-site	0	0	0
H&S-Emp	Number of occupational diseases		Nb	0	0	0
H&S-Emp	Number of accidents at work		Nb	0	1	1
H&S-Emp	Workplace accident severity rate			0	0	2,6
H&S-Emp	Workplace accident frequency rate			0	0,2	0,2
H&S-Emp	Absenteeism rate		%	3.55	6.35	5.4
	Participation rate in the commitment survey		%	NA	66	73
	Number of employees benefiting from teleworking		Nb	NA	6	10
	Part of employees covered by a collective agreement		%	NA	NA	100
	Number of meetings held with staff representatives		Nb	NA	N/A	19
Emp-Dev	Percentage of employees having had an annual interview during the year (on permanent contracts)		%	NA	NA	62

4.3.2 Methodological notes

CSR reporting is based on the financial scope. As of 31/12/2019, 215 sites belonged to Carmila. Scope restrictions are given according to the CSR indicator. For all of its reporting, Carmila includes within its scope the three countries: France, Spain and Italy, unless otherwise stated.

4.3.2.1 Notes on methodology for environmental data

The reporting period for environmental information is 1/10/N-1 to 30/09/N, unless otherwise stated.

Environmental certifications

The indicator makes it possible to attest to the environmental quality of the patrimony which guarantees sustainable and environmentally friendly design and management, as well as attractiveness to visitors, retailers and investors. For the purposes of this document, any environmental action relating to an asset and certified by a third party is recognised as certification. The indicator relates to all assets in development and operating Carmila portfolio in the three countries where the company is present at 31/12/N. That is, 215 sites as of 31/12/2019.

Energy intensity of common areas

The indicator is used to calculate energy savings and costs attributable to the energy management policy of shopping centres.

Scope

The CSR scope excludes:

- sites under construction between 01/10/N-1 and 30/09/N;
- sites not managed by Carrefour Property;
- sites without standalone meters;
- sites with a fixed annual estimate (BUD);
- sites rebilled by the hypermarket on the basis of area ratios and not actual consumption;
- tarif bleu rate consumption (for France only).

The energy scope excludes the consumption of sites not included in the CSR scope. Moreover, the consumption of sites with missing and/or inconsistent consumption (electricity and/or gas) that remains unexplained following a request for additional information is not recorded in the energy intensity totals. Their removal has a negative impact on coverage rates.

Constant perimeter includes all sites of CSR perimeter and sites of the indicator concerned (energy, waste) in both 2018 and 2019 and excludes sites under renovations in 2018 and/or 2019. Current perimeter includes all sites consumptions of the CSR perimeter.

CURRENT ENERGY PERIMETER IN 2019

	Unit	Headquarter	France	Spain	Italy	Total
Surface mail - CSR perimeter	sqm	914	255,147	203,269	22,852	482,182
Asset value - CSR perimeter	M€	0	4,311	1,449	340	6,101
Surface perimeter energy	sqm	914	220,446	117,886	20,075	359,321
Asset value - energy perimeter	M€	0	3,807	917	318	5,042
ENERGY PERIMETER COVERAGE (VALUE)	**%**	**100**	**88**	**63**	**94**	**83**

		France	Spain	Italy	Total
	Unit	2018/2019	2018/2019	2018/2019	2018/2019
Surface mail - CSR perimeter	sqm	255,147	120,438	22,852	398,437
Asset value - CSR perimeter	M€	4,311	874	340	5,526
Surface perimeter energy	sqm	181,715	75,209	2,992	259,916
Asset value - energy perimeter	M€	3,182	671	74	3,928
ENERGY PERIMETER COVERAGE (VALUE)	**%**	**74**	**77**	**22**	**71**

Common areas

The calculation scope applies to common areas and private areas connected to the common areas of all sites owned by Carmila and managed by Carrefour Property, as well as to the energy consumption of the Carmila registered office.

Common areas include the malls and any areas that are heated, ventilated, air-conditioned (excluding car parks) with shared heating, air conditioning and hot water systems provided by the property complex manager. Energy includes the consumption of gas, electricity, oil, district heating and cooling networks and renewable energy from 01/10/N-1 to 30/09/N. As such, the energy consumption of private areas (occupied by tenants) that are not connected to common areas) are excluded from the scope of consumption. The gas scope excludes sites without gas consumption.

Tenants operate directly out of the common areas (stands) and any pop-up stores (leases under 3 years) without their own meter may be included in the consumption for the common areas insofar as Carmila remains the purchaser of energy consumption.

Calculation methods

Energy intensity is expressed as final energy. Final energy is the final energy delivered to the consumer for their end consumption. It corresponds to the remote reading, bill or, failing that, an estimate of consumption based on total energy spending. Where data is missing, an estimate is made based on other data in the reporting period. Common areas include the mall area of sites as well as the area of toilet facilities and offices. Car parks are not included in the area (but their consumption is included in the consumption of common areas).

Greenhouse gas emissions - Scope 3

- Greenhouse gas emissions from business travel of employees (tCO_2) – Scope 3

The indicator is used to consolidate all greenhouse gas emissions from the business travel of employees in France (73% of employees). The reporting period is the same as that for other environmental indicators: it ranges from 01/10/N-1 to 30/09/N, with the date of departure the reference date. In this first reporting year, only France employees are included. The scope includes travel by group employees by train, plane and car (excluding commutes).

- Greenhouse gas emissions from visitor travel (tCO_2) – Scope 3

The indicator is used to consolidate all greenhouse gas emissions from visitors travelling to Carmila's shopping centres. For this first reporting year, the indicator only includes the France scope (69% of sites by value). The indicator is calculated annually on the basis of visitor surveys carried out by each shopping centre (37,275 respondents in 2019). An average is taken from responses for all shopping centres, extrapolated from the total number of visitors having visited the centres. The total number of visitors having visited the shopping centres using a counting system. For this first reporting year, only France is included in the scope.

The means of transport taken into account are cars, motorised 2-wheel vehicles and public transport (considered to be travel by bus given the location of shopping centres).

- Emissions from construction or the restructuring of assets (tCO_{2e}) –Scope 3

The indicator is used to consolidate all greenhouse gas emissions from the construction and renovation of assets. This indicator relates to areas built or restructured during the year (the construction or restructuring of which was completed during the environmental reporting period, from 01/10/N-1 to 30/09/N). Only assets covering an area of over 1,000 sqm are taken into account (99% of sqm constructed in 2019). There was no restructuring or construction in Spain or Italy in 2020. The emission factor used is that which corresponds to the construction of commercial buildings – concrete structures (ADEME): 550 $kgCO_2$/sqm.

Calculations are based on data for any areas constructed/restructured sent to the CSR Department by project management departments.

- Greenhouse gas emissions associated with Carmila's purchases (tCO_2e) –Scope 3

The indicator is used to consolidate all greenhouse gas emissions associated with purchases. The reporting period is the same as for other environmental indicators: it ranges from 01/10/N-1 to 30/09/N. As such, greenhouse gas emissions are calculated for the purchases that have taken place in this period. The scope includes France purchases only for this first year (71%). Emission factors are taken from ADEME's online carbon database, Scope 3 - Indirect emissions: other emissions, monetary ratios.

- Greenhouse gas from assets, private areas (tCO_2e, upstream included) –Scope 3

The calculation scope applies to the energy consumption of any retail brands having submitted their actual consumption to Carmila. Total data are then extrapolated for total private areas.

Portfolio carbon footprint

This indicator is used to consolidate all greenhouse gas emissions from the shopping centre portfolio in CSR-energy reporting, calculated based on the energy consumption of common and private areas within the energy scope. The carbon intensity of the portfolio ($kgCO_2e/sqm$) incorporates a number of sub-indicators:

- GHG emissions from assets, common areas (tCO_2e, excluding upstream) > Scope 1 and 2; The coverage rate is the same as that of energy consumption;
- GHG emissions from assets, upstream of common areas > Scope 3; The coverage rate is the same as that of energy consumption.

Waste produced and proportion recovered

The indicator is used to consolidate the percentage of waste generated that is recovered at assets in operation. The reporting scope includes sites owned by Carmila whose waste collection contract is managed by Carrefour Property as well as the Carmila registered office.

The tonnage of waste managed by the adjoining Carrefour hypermarket or by the local authority is not included in the scope. At sites where waste is managed by the hypermarket, it is not possible to distinguish between waste generated by the hypermarket and that generated by the Carmila mall. Data are incorporated in the CSR report of the Carrefour group and, as such, are not included in Carmila's CSR report. For sites where waste is managed by the local authority, the authority does not share reporting on the quantity and type of waste collected. Only the following processing methods are recognised as recycling: reuse, recycling, composting, recovery, incineration with energy recovery. Where the type of processing is not known, waste is considered not to have been recycled.

The reporting scope includes the sites owned by Carmila in France, Spain and Italy and for which the waste management contract is managed by Carrefour Property Gestion with a master agreement. In France 64 sites have a master agreement. Some data are estimated based on a contractual weighting. When waste bins cannot be weighed at collection, the weight is estimated.

4

WASTE PERIMETER

2019		Headquarter	France	Spain	Italy	Total
Value - current	€	914	3,717	714	216	4,647
PERIMETER - CURRENT	**%**	**100**	**86**	**49**	**63**	**76**
Value - constant	€	NA	2,992	539	0	3,531
PERIMETER - CONSTANT	**%**	**NA**	**69**	**62**	**0**	**64**

Water consumption and water intensity

Inconsistent and unexplained consumption due to reporting anomalies is excluded from reporting. The reporting period for water consumption is from 1/01/2019 to 31/12/2019 for France. For Spain and Italy, the reporting period is from 1/10/2018 to 30/09/2019 for the current perimeter. These are the drinking water consumptions of the common areas only, expressed in m^3. For the constant perimeter, sites in France and Italy with reliable water consumption from 1/01/2019 to 31/01/2019 are taken into account.

2019	Number of sites	Centers by value %
Current	132	80%
Constant	120	64%

4.3.2.2 Notes on methodology for societal data

Number of CSR events

The indicator is used to calculate the ability to establish the activities of the shopping centre in its region and to promote relations with local residents and stakeholders (charitable associations etc.). This indicator is used to observe the progression in the number of events held on sites each year. 5 themes are included:

- access to culture and sport;
- charity and solidarity actions;
- regional, economic and social impact;
- public health;
- sustainable development.

The indicator relates to assets with a centre manager in France and all sites in Spain and Italy.

Number of free "Kiosk" campaigns

The indicator offers an overview of the regional presence of the shopping centre and makes it possible to promote the commercial development of retail brands and retailers present in our centres. The indicator is used to monitor the progression in the number of support campaigns provided each year.

A "Kiosk" action refers to any marketing action (digital, media, POS –advertising on a point of sale-, events, etc.) implemented by Carmila on behalf of a retailer.

The indicator relates to assets with a centre manager in France and all sites in Spain and Italy.

	Number of center	Centers by value %
CSR events and Kiosks	169	97%

Customer and visitor satisfaction rate

The indicator makes it possible to measure the degree of satisfaction of the visitors, in particular related to the comfort of the various visit courses. This indicator is used to check the evolution of customer satisfaction.

The scope of the indicator includes 98 sites owned and managed by Carmila in France, 76 in Spain and 8 in Italy.

In France, satisfaction surveys are conducted by a service provider in 98 centres. Between 200 and 600 clients per center are interviewed. In 2019, some 34,320 customers responded to the survey.

In Italy surveys are conducted by a service provider in 8 Italian centres. 3,220 responses on-site and online.

In the case of France and Italy, only scores of over 7/10 are taken into account in calculating the customer satisfaction rate.

In Spain, an online survey is conducted three times a year (in February, June and October) among a panel of Carrefour customers (customers having purchased a Carrefour loyalty card) with a sample of 150 questionnaires per centre. Overall satisfaction is measured with responses to the question: Overall, how satisfied are you with the centre? The responses "satisfied" and "very satisfied" have been taken into account. Results for October have been taken into account. In Spain, some 16,292 customers responded to the survey. All sites are included in the perimeter except Alcala de Henares and Cartagena.

	Number of assets	By value %
Customer and visitor satisfaction rate	182	97%

Tenant satisfaction rate

In France, at some 19 centres a survey was conducted by a service provider in 2019. Over 1,000 stores were asked to complete the survey and some 807 responded either online, by filling in a hard copy or responding to questions face-to-face.

In Spain, an online survey was conducted at two centres: Los Angeles (32 respondents out of 34) and Gran Via de Hortaleza (28/70 respondents).

Italy: scheduled for 2020.

	Number of assets	By value %
Tenant satisfaction rate	21	69%

4.3.2.3 Notes on methodology for social data

Permanent staff turnover

This indicator assesses the ability to retain key skills and maintain employee engagement. Poor working conditions can lead to excessive turnover and a lack of employer brand image. Temporary secondments of employees to another company within the Group are not included in the number of departures.

Employee satisfaction rate

The indicator is used to measure quality of life at work. The scope covers the three countries. This data is from the annual satisfaction surveys conducted and responses to the question: are you satisfied with your job? Scores of over 7/10 are taken into account when calculating the satisfaction rate.

3 countries: Surveys are conducted by the Data Insight Department. An email is sent to all employees (except the management committee) within the group at the time of the survey. 210 employees were contacted in 2019 and 163 respondents, i.e. a participation rate of 73%.

Diversity Charter

As a signatory to the Diversity Charter, Carmila incorporates it in the company's overall policy. The Charter, produced by *les Entreprises pour la Cité*, promotes equal opportunities and diversity in all its aspects. It contributes to the respectful management of differences and improves cohesion and good working relations. This qualitative indicator illustrates Carmila's commitment to combating all forms of discrimination and is used to monitor progress. The scope covers the Group as a whole.

Average annual remuneration of managers by gender

This indicator makes it possible to assess the equity of gender pay in the managerial/managerial category, which is the most representative within the company. The scope includes employees present at 31/12/N with a full-time permanent contract in execution.

Senior managers, directors, employees, supervisors and executives without bonuses are excluded.

The remuneration of part-time employees is excluded from the calculation.

The remuneration used is the average annual gross remuneration as from the remuneration for the month of December. Bonuses are not taken into account.

Pay gap is: (average remuneration of female executives - average remuneration of male executives) / average remuneration of male executives.

Percentage of employees exposed to risks of corruption or influence-peddling having received specific training during the year

Each year, the Audit Committee designates jobs that are exposed to risks of corruption based on the Carrefour group's risk mapping. The indicator assesses the company's ability to provide an ethical environment. The indicator takes into account exposed employees who have been trained in risks as of 31/12/N. It includes the headcount from 1/1/N to 31/12/N.

4.3.3 Statutory Auditor report

Report by the Statutory Auditor, appointed as independent third party, on the consolidated non-financial statement

This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended 31 December 2019

To the Annual General Meeting,

In our capacity as Statutory Auditor of your company (hereinafter the "entity") appointed as independent third party, and accredited by the French Accreditation Committee (*Comité Français d'Accréditation* or COFRAC) under number 3-1049[1], we hereby report to you on the consolidated non-financial statement for the year ended 31 December 2019 (hereinafter the "Statement"), included voluntarily in the Group Management Report pursuant to the requirements of articles L.225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the entity

The Management Board's is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available upon request at the entity's head office.

Independence and quality control

Our independence is defined by the requirements of article L.822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the Statutory Auditor appointed as independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R.225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of Article A.225-1 *et seq.* of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes* or CNCC) applicable to such engagements and with ISAE 3000[2]:

- We obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- We verified that the Statement includes each category of social and environmental information set out in article L.225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L.225-102-1 III, paragraph 2 of the French Commercial Code;
- We verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- We referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented;
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix. Our work was carried out on the consolidating entity and on a selection of entities[3].
- We verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;

(1) Accreditation scope available at www.cofrac.fr
(2) ISAE 3000: international standard on assurance engagements other than audits or reviews of historical financial information.
(3) Carmila S.A : headquarters France ; Carmila Spain.

- For the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities[1] and covers between 22% and 100% of the consolidated data selected for these tests;
- We assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of five people between November 2019 and March 2020 and took a total of five weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted some fifteen interviews with the people responsible for preparing the Statement..

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, on 25 March 2020

KPMG S.A.

Fanny Houlliot	Adrien Johner
Partner Sustainability Services	Partner

(1) Carmila S.A (Headquarters) ; Carmila SpaiCarmila S.A (Headquarters) ; Carmila Spain.

APPENDIX

Qualitative information (actions and results) considered most important
Social Information
Actions in favour of employment and local dynamism
The "Retail coaching" skills development program
The agreement on the implementation of telecommuting
The 2019 training plan and associated training hours delivered
The Group's commitment to social integration
Results of the annual employee satisfaction survey
Environmental Information
Practices to reduce the environmental impact of activities
Scores obtained by BREEAM-certified sites
Scope 3 emissions assessment approach and results presented
Societal Information
Measures aimed at developing the attractiveness of Carmila brands
Initiatives in partnership with associations
Carmila's membership to the United Nations Global Compact

4

Key performance indicators and other quantitative results considered most important
Social key performance indicators and outcomes
Staff on permanent contracts
Turnover (permanent contract)
Number of permanent hires
Number of departures of permanent contract
Average annual managers compensation
Rate of employees trained in ethical risks
Environmental key performance indicators and outcomes
Environmental certification rate
Waste recovery rate
Energy intensity of common areas
Carbon intensity of common areas
GHG emissions of common areas – Scope 1
GHG emissions of common areas – Scope 2
Societal key performance indicators and outcomes
Number of CSR events
Number of "Kiosk" campaigns
Customer satisfaction rate

5.

Organisation and risk management

5.1 The organisation of the Group and relationship with the Carrefour group

5.1.1 The organisation

Carmila is a real estate company which benefits from the SIIC tax regime and which is dedicated to managing and enhancing the shopping centres and retail parks adjoining Carrefour group stores. Its portfolio comprises 215 shopping centres and retail parks in France, Spain and Italy valued at more than €6.4 billion, including 157 leader or co-leader shopping centres, in their catchment areas, accounting for 73% of Carmila's total shopping centres and 88% of its portfolio in terms of appraised value (transfer taxes included) on 31 December 2019. The Group is the leader in continental Europe in terms of the number of shopping centres anchored by Hypermarkets and the third largest listed commercial real estate company by gross asset value (calculated as of 31 December 2019[1]).

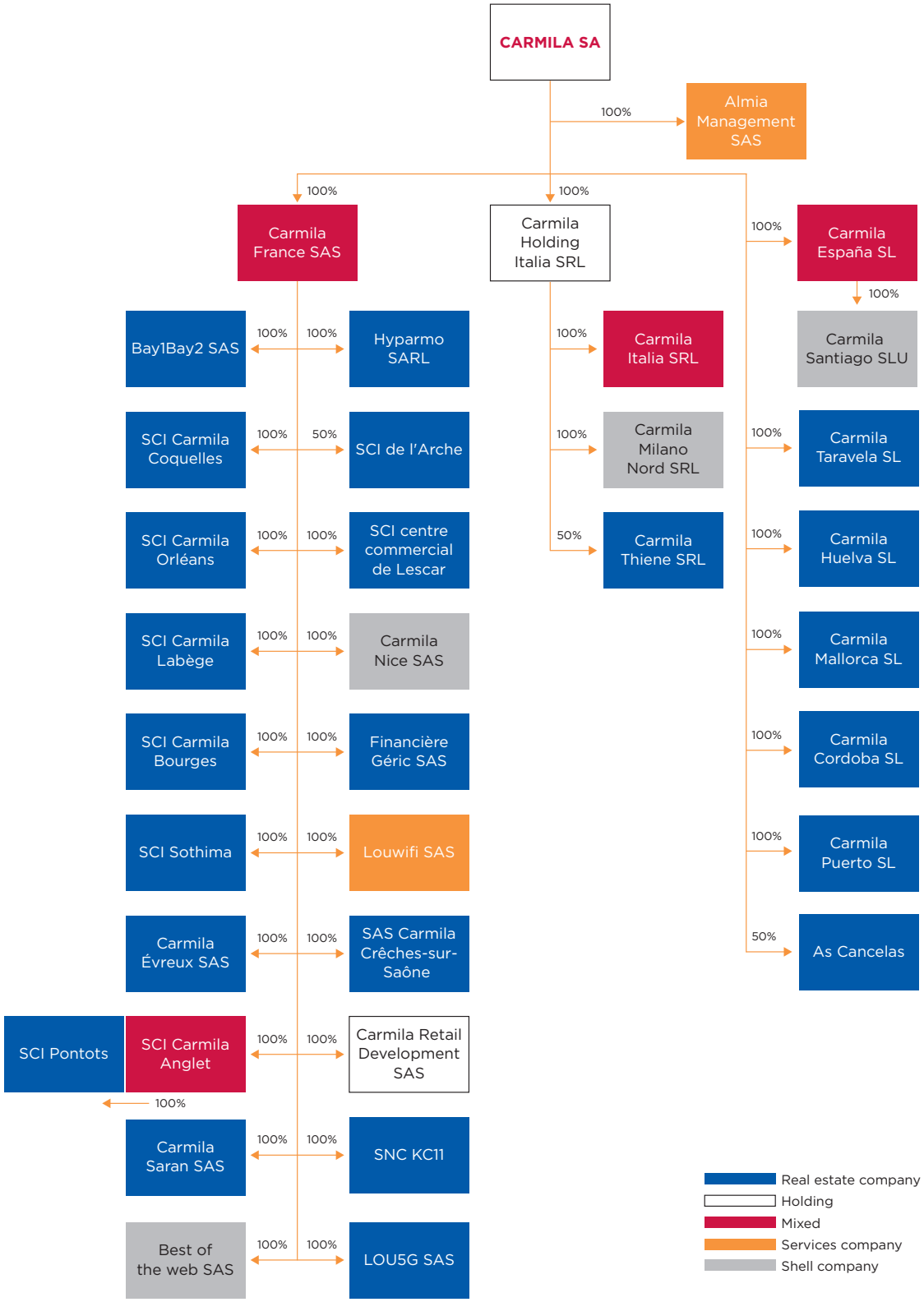
Carmila gathers key areas of expertise needed to develop and enhance the value of its portfolio and future activities: asset management, leasing and specialty leasing, omni-channel marketing and communications, shopping centre management, Business Development and investment (renovation, restructuring, expansion and acquisition). The Group's operational organisation is designed to be simple and efficient, and it therefore uses the services of Carrefour group entities under several agreements (see Section 5.1.4 "Operational organisation" of this document).

Carmila also draws on its strategic partnership with the Carrefour group and the synergies this generates, in order to implement its strategy to enhance value and develop its property portfolio (see Section 5.1.5.2 of this document). Since inception, the Carmila Group has carried out a significant shopping centre renovation and expansion program in coordination with Carrefour Property entities, the subsidiaries of the Carrefour group that own the hypermarket and supermarket walls in France, Spain and Italy, as well as, in most cases, their parking lots. In April 2014, Carmila S.A.S. entered into a Renovation and Development Agreement with the Carrefour group for an initial term of 10 years (the "Renovation and Development Agreement") which was extended for three years in June 2017, prolonging its residual term until 31 December 2027. The purpose of this agreement is to create a partnership between the two groups with a strategy to strengthen the attractiveness and to optimise the value of retail sites which are co-owned by the Carrefour group (hypermarkets and car parks) and the Carmila Group (shopping centres) in France, Spain and Italy. The Carmila Group and Carrefour group are partners under the Renovation and Development Agreement on all developments on land lots owned together (see Section 5.1.5.3 of this document for more details on the Renovation and Development Agreement).

(1) Source: the Carmila group's analysis of data published by other market players.

5.1.2 Organisation chart of the Carmila Group

The organisation chart below shows the legal organisation of the consolidated entities of the Carmila Group at the date of this document[1].



(1) *The percentages held shown in chart correspond to percentage of voting rights and ownership.*

5.1.3 Subsidiaries and related holdings

Principal subsidiaries

The Company's principal direct or indirect subsidiaries are described below:

- **Carmila France SAS** is a simplified joint-stock company with a single shareholder, (*société par actions simplifiée à associé unique*) incorporated under French law with total registered share capital of €707,907,052, with its head offices at 58, avenue Émile-Zola in Boulogne-Billancourt (92100), France and registered with the Nanterre Trade & Companies Register under number 799 828 173.
- **Carmila España SLU** is a company incorporated under the laws of Spain, with total registered share capital of €186,315,000, with its head offices at Avenida Matapiñonera s/n, 4ª planta, Edificio Ábside, San Sebastián de los Reyes, Madrid, Spain and registered with the *Registro Mercantil de Madrid*, page M-563.021, book 31279, page 11, under number B-86.772.837.
- **Carmila Italia S.r.l** is a private limited company incorporated under the laws of Italy with total registered share capital of €11,200,000, with its head offices at Via Caldera, 21, 20153, Milan, Italy and registered with the *Registro delle Imprese di Milano Monza Brianza Lodi* under number 08603710966 and with the R.E.A. under number MI-2036489.

Equity interests

As of the date of this document, the Group holds directly or indirectly the following Interests:

- a 20% interest in Squaremaker France;
- a 15% interest in Aug'Car;
- a 30% interest in La Barbe de Papa Holding;
- a 20% interest in Cigusto Holding;
- a 30% interest in Loicar;
- a 24% interest in Team Beauty together with Centros Ideal;
- a 49% interest in Pharmalley.

Invested amount in equity and shareholder loans as of 31 December 2019, amounted to €4.7 million.

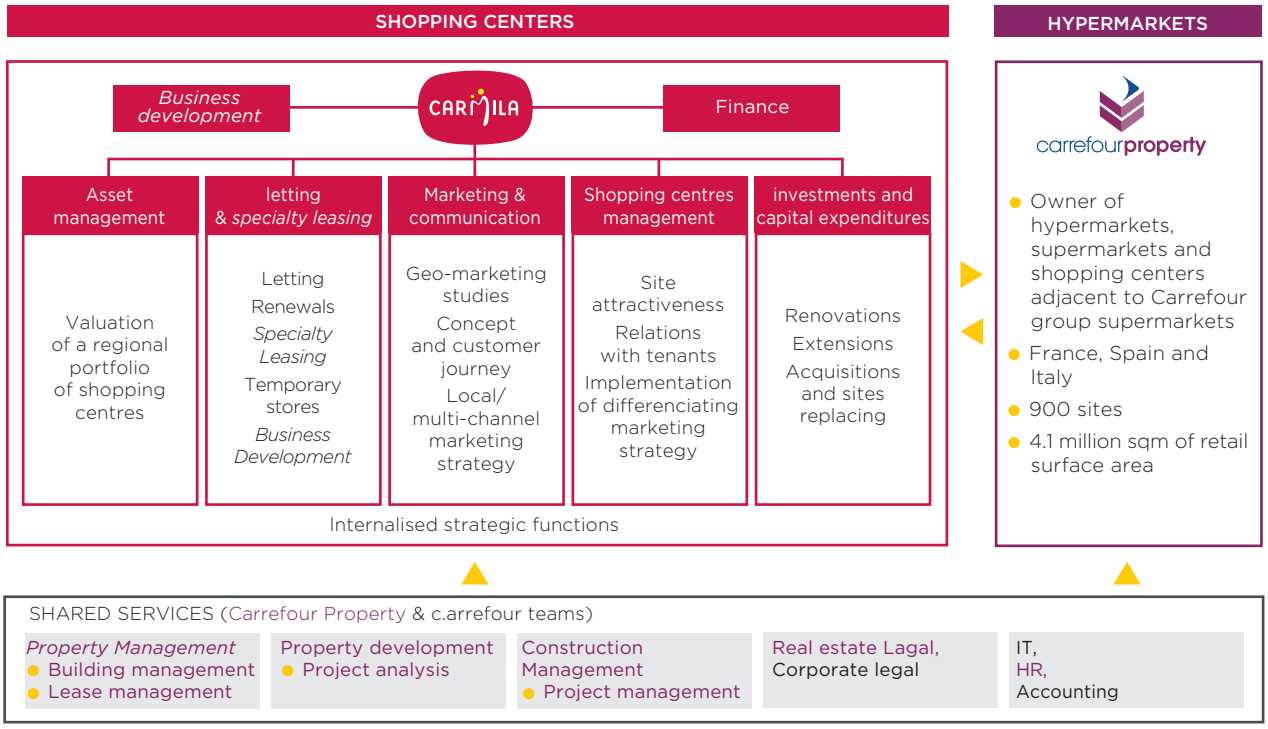
Information on equity interests

Information on the companies in which Carmila holds an interest which is likely to have a significant impact on the assessment of its portfolio, its financial position or its results is provided in Section 7.1, "Consolidated Financial Statements for 2019" of this document.

5.1.4 Operational organisation

Carmila gathers key areas of expertise needed to develop and enhance the value of its portfolio: asset management, leasing and specialty leasing, cross-channel marketing and communications, shopping centres management and investment (renovation, restructuring, expansion and acquisition). Besides the Renovations and Development Agreement, the Group's operational organisation is designed to be simple and efficient, and it therefore uses the services of Carrefour group entities under several agreements (see Section 5.1.5. of this document). The Group works with Carrefour Property entities, the subsidiaries of the Carrefour group that own the hypermarket and supermarket walls in France, Spain and Italy. These entities will be co-developers and will perform project management and property management roles. Several Carrefour group entities will also perform certain administrative and financial services for the Group.

The chart below summarises the Carmila Group's operational organisation and the principal existing relationships with Carrefour group entities:



5.1.5 A strategic partnership with the Carrefour group

The strategic partnership with the Carrefour group is a major competitive advantage for Carmila. It enables Carmila to develop its strategy based on a privileged relationship with the Carrefour group, one of the world's leading retailers, with local historical roots as well as unique knowledge and tools for targeting customers at the local level.

5.1.5.1 The Carrefour group

The Carmila Group owns shopping centres adjacent to Carrefour group hypermarkets in France, Spain and Italy. The Carrefour group, a renowned food retail group, is present in more than 30 countries, with more than 12,300 stores in addition to its e-commerce sites. The Carrefour group has more than 320,000 employees worldwide and had revenues including VAT of €80,7 billion in 2019. Carrefour has 77 million customers worldwide and is committed to quality and corporate responsibility.

The Carrefour group has a large range of stores from hypermarkets (1,207 stores at the end of 2019) to local grocery stores and e-commerce solutions, to meet a vast range of needs. It combines the advantages of a multi-format physical network with the agility of digital technology, while promoting the development of efficient logistics and real estate systems, helping to create attractive spaces for shopping and living.

Carrefour hypermarkets are designed for the large shopping expeditions of all types of customers. Customers can find a selection of food product references (fresh produce, mass consumption products, local products, etc.) and non-food references (clothing, electronics, house furnishing, culture, etc.) in its hypermarkets. Carrefour's hypermarkets offer quality products worldwide at low prices throughout the year. Carrefour also boosts customer satisfaction through promotional sales and events that introduce new products, price reductions and the various services the stores offer. Carrefour continues to work to provide its customers with quality products, leveraging its unique know-how in fresh products, the development of different production channels, organic foods and strong exclusive brands.

Innovation has been an integral part of the Carrefour group's strategy for over 50 years. It opened the first hypermarket in France in 1963; introduced the first loyalty program by a large food retailer in 1981 and launched the Carrefour house brand in 1988. To enable customers to choose where, when and how to do their shopping, Carrefour offers them a range of solutions to enhance customer convenience by, on the one hand, adopting a local strategy that varies by country and, on the other hand, adopting a multi-channel approach in which stores and online solutions interact in a complementary way, increasing the opportunities for customer contact. In particular, the Carrefour group is deploying its Drive service (click & collect service for consumers to order products online and collect them quickly from the stores), rolling out in-store mobile applications and digital services and growing its food and non-food e-commerce offer.

As of 31 December 2019, the Carrefour group had 504 hypermarkets under its brand in the three countries where the Carmila Group operates, including 248 hypermarkets in France, 205 in Spain and 51 in Italy. Carmila owns around 45% of the shopping centres adjoining Carrefour Hypermarkets across the three territories (France, Spain and Italy).

On 23 January 2018, the Carrefour group unveiled its transformation plan, "Carrefour 2022". Carrefour has set itself one ambition: to enable its customers to consume better by becoming the world leader in the food transition for everyone. To boost its growth, the Group is undertaking a profound transformation with the launch of the "Carrefour 2022" plan, which is based on four pillars:

- rolling out a simplified and open organisation. To benefit from its strengths – multi-country, multi-format and multi-channel – the Group is simplifying its organisation and encouraging more partnerships, drivers of growth and innovation;
- increasing productivity and competitiveness. In order to invest in growth and improve its price competitiveness, Carrefour is becoming more selective in allocating its resources and tightening its financial discipline;
- creating a benchmark omni-channel universe. The Group is determined to become a benchmark omni-channel universe by investing in its successful channels, becoming a leader in food e-commerce and leveraging the power of its brand;
- revamping its offering with an emphasis on food quality. Carrefour aims to offer all consumers high quality, reliable food every day, accessible everywhere and at a reasonable price.

In 2019, Carrefour pursued its transformation, pushing further the initiatives taken in 2018.

5.1.5.2 A partnership generating valuable synergies for Carmila

The Carmila Group was created in April 2014 to revitalise the retail ecosystem formed by the hypermarkets and their adjoining shopping centres. Its goal was to promote the revitalisation of the sites through the coordinated renovation, optimisation and expansion of the hypermarket and the shopping centre, as an extension of the hypermarket renovation program launched by the Carrefour group in 2012. The merger between Cardety and Carmila S.A.S., effective 12 June 2017, is a further stage in the strategy in place since 2014, to create a single player dedicated to enhancing the value of the real estate assets adjoining Carrefour hypermarkets in France, Spain and Italy. Following the Merger, the merged entity was renamed Carmila and listed on compartiment A of Euronext Paris.

In implementing its strategy, the Group benefits from its strategic partnership with the Carrefour group. The shared vision of the two groups embodied by their partnership is a major competitive advantage for Carmila, which enables it to benefit from significant synergies that will also benefit its tenant retailers and end customers:

- the aim of both groups to form a consistent commercial ecosystem at each site makes it possible to accelerate the revitalisation and expansion of the shopping centres to cement their local leadership;
- thanks to a joint "opt in" between the Carrefour group's hypermarkets and the Group's shopping centres (where a customer agrees to let both Groups use his or her data) Carmila is building and developing a high-quality and continually updated customer database, offering its retailer tenants a refined targeting tool to attract customers and create customer loyalty;
- the implementation of coordinated marketing activities between the Carrefour group and the Carmila Group will promote the development of cross-channel marketing solutions at optimised cost to increase footfall at the Group's shopping centres;
- coordinated shopping centre renovation and hypermarket modernisation optimises the site's increased attractiveness while limiting temporary impacts of construction;
- the Group will be able to implement expansion projects relatively quickly by coordinating its actions with the Carrefour group and having control over land reserves, since the Carrefour group generally owns parking lots or land adjoining the Carmila Group's shopping centres;
- the Carmila Group will benefit from the Carrefour group's network and knowledge of its catchment areas in identifying off-market acquisition opportunities that will create value.

The Group benefits from an efficient operational organisation relying on services provided by the Carrefour group under several agreements. This operational model promotes cost optimisation and the sharing of skills required to manage and enhance the value of the Carmila Group's shopping centres. It aims at aligning interests of both Groups in project commonly developed on their sites.

5.1.5.3 Principal agreements with Carrefour group entities

The Carmila Group has entered into several agreements with the Carrefour group which mainly concern (i) the renovation and development of shopping centres; (ii) property management and; (iii) administrative and financial services.

In addition, the Carmila Group entities provide letting services to Carrefour group companies in France, Spain and Italy for shopping centres that are still held by the Carrefour group in those three countries.

At 12 June 2017 Merger, the parties maintained all of the existing contractual relationships between the Carmila Group and the Carrefour group.

The appropriate procedures with respect to regulated agreements have been followed to the extent applicable. It was therefore applied for the following agreements:

- the Renovation and Development Agreement (see Section 1, "Renovation and Development Agreement" of this paragraph); and
- the services support agreement covering support functions (see Section 3, "Service Agreements" of this paragraph).

The Renovation and Development Agreement (as defined below), entered into on 16 April 2014 for a term of ten years, was extended for a period of three years, prolonging its residual post merger term until 31 December 2027.

The other agreements described below, which were entered into on 16 April 2014 for a term of five years, were extended by one year, until 31 December 2020.

The conclusion and modification of these agreements are subject to specific rules in the internal regulations of the Company's Board of Directors.

In connection with the Merger, the contracts between the Company and the Carrefour group were reviewed and redrafted on a case-by-case basis; in particular the rental management agreements between the Company and the Carrefour group were terminated, with the Company joining the lease management agreement between Carrefour Property Gestion and Carmila France and its subsidiaries. The financial terms of these agreements were not intended to be modified by the Merger, apart from service agreements which had to cover a larger scope because of the merger between the Company and Carmila S.A.S.

For a summary of the flows under these agreements see Note 11 to the Company's Consolidated Financial Statements for 2019 in Section 7.1 of this document.

(1) Renovation and Development Agreement

On 16 April 2014, Carmila and Carrefour entered into the Renovation and Development Agreement, a partnership agreement with the objective of implementing a joint strategy in France, Spain and Italy to strengthen the attractiveness and optimise the value of the sites that are co-owned by the Carmila Group (shopping centres) and the Carrefour group (hypermarkets and car parks) (and, where applicable, with third parties).

Initially concluded for a term of 10 years, it was prolonged for three years, and its residual post-Merger term expires on 31 December 2027.

The purpose of the Renovation and Development Agreement is to establish the implementation and financing terms for renovation and expansion projects at the identified sites. The scope of the Renovation and Development Agreement covers an initial list of the Carmila Group's shopping centres in France, Spain and Italy at the date of this agreement and, unless the parties agree otherwise, covers any site newly owned or developed jointly with the Carrefour group.

(a) Renovation projects

In connection with the Renovation and Development Agreement, the Company and Carrefour undertook to complete, within five years, an initial renovation program covering 167 shopping centres, for a provisional overall amount of €238.5 million (excluding transfer taxes), of which €74.5 million would be borne by the Company, around 30% of the provisional overall amount.

The Renovation and Development Agreement provides that the first renovations of the shopping centres adjoining Carrefour hypermarkets (i.e. the 167 centres and any other shopping centres adjoining a Carrefour hypermarket acquired by the Carmila Group exceeding this provisional overall amount) will be financed by the Carmila Group and the Carrefour group pro rata based on their respective shares of expense obligations (for sites divided into volumes) or based on their ownership percentages (for sites held through co-ownership).

This renovation programme of 167 shopping centres has now been completed (the renovation of six sites having been deferred to be completed with the associated extension development.

Subsequent renovations of the Carmila Group's shopping centres will be paid for equally (50% each) by the Carmila Group and the Carrefour group. However, where the share (excluding taxes) to be borne by the Carmila Group is greater than 5% of the appraised value of the asset to be renovated, Carmila and Carrefour have undertaken to negotiate in good faith to modify the equal split of costs accordingly.

(b) Development projects

Pursuant to the Renovation and Development Agreement, and in addition to an initial list of 37 shopping centre development projects in France, Carmila and Carrefour may propose shopping centre expansion plans that they wish to undertake.

The proposed project is reviewed and established jointly and then presented separately to the decision-making bodies of Carmila (Board of Directors on recommendation of the Strategic and Investments Committee) and Carrefour. Financing costs and the margin realised on each development project are split equally (50% each) between the Carmila Group and the Carrefour group.

For purposes of completing a development project, Carmila and Carrefour may form a special purpose company held as a 50/50 joint-venture. Carmila has the right to acquire, upon completion of the development project, the 50% share held by Carrefour, and Carrefour also has an option to sell its stake to the Company. The two partners can also use other alternative methods, such as a sale by Carrefour to the Company of the land parcels held by the Carrefour group with an additional price corresponding to 50% of Carrefour's development margin for that development project, forward sale or other ways.

In addition, CPF Asset Management, a subsidiary of Carrefour Property France, acts as project manager under project management delegation agreements.

(c) Other provisions

Reciprocal rights of first refusal

In the event that the Carrefour group intends to sell to a third party not affiliated with the Carrefour group: (i) one or more shopping centres anchored by a hypermarket; (ii) the land where a hypermarket is located adjoining a shopping centre covered by the Renovation and Development Agreement; (iii) one or more properties for use as retail parks; and/or (iv) a real estate complex including a shopping centre and the land for a hypermarket, located in France, Spain or Italy, the Company has a right of first refusal to acquire the asset or assets in question pursuant to the terms of the Renovation and Development Agreement. This right of first refusal does not apply in the event of a sale in connection with the sale of a hypermarket's business.

In accordance with this right of first refusal, Carrefour is required to send the Company an offer to sell the assets to Carmila before seeking a third-party acquirer. If the Company refuses the offer, Carrefour may sell the assets in question to a third-party acquirer on terms at least equal to those of the offer initially made to the Company.

Carrefour also holds a right of first refusal if the Company wishes to sell any subsidiary or one or more properties located in a shopping centre covered by the Renovation and Development Agreement, pursuant to terms that are identical to those applicable to the Company's right of first refusal.

Reciprocal priority right

Each of the parties to the Renovation and Development Agreement has undertaken to present to the other party any development project for a new site or any development project for one or more existing sites located in France, Spain or Italy held by it or by one of its affiliates but outside the scope of the agreement, to the extent that:

(i) the development project includes the development of a retail park;

(ii) with respect to the priority right granted by Carrefour to the Company, the development project includes the development or expansion of a shopping centre anchored by a hypermarket; and

(iii) with respect to the priority right granted by the Company to Carrefour, the development project provides for the development or expansion of a shopping centre anchored by a store that primarily sells food.

In the case of a joint development project, the project is reviewed and implemented pursuant to operational, legal and financial terms to be agreed between the Company and Carrefour. The Renovation and Development Agreement provides in that regard that (i) the ownership of volumes or co-ownership lots for use as hypermarkets, supermarkets and/or medium-sized food stores and as service stations is reserved to Carrefour; (ii) the ownership of parking lots is reserved to Carrefour (in the case of volume division) or to the property manager (in the case of a co-ownership); and (iii) ownership of volumes or co-ownership lots for use as shopping centres and/or retail parks and/or medium-sized stores other than those predominantly selling food is reserved to Carmila.

In addition, with respect to projects to develop new sites, (i) the development margin on shopping centres, retail parks and medium-sized stores (other than those that predominantly sell food) is shared equally between Carmila and Carrefour, with the financing borne equally between the two companies; and (ii) the development margins on hypermarkets, supermarkets and medium-sized stores predominantly selling food are attributed to Carrefour, with the financing borne by Carrefour.

Other commitments

The Renovation and Development Agreement also includes several rights and obligations binding on Carrefour and Carmila, such as rights of submission to Carrefour in the case of leases for certain real estate properties or in connection with Carmila's letting or re-letting of premises to be used for a hypermarket, supermarket, hard discount grocery store, click and drive grocery store or any other predominantly food business on the sites where Carrefour is not present. The Company is also prohibited from leasing certain premises inside shopping centres governed by the Renovation and Development Agreement (i.e., any premises with gross leasable area of greater than 300 sq.m.) for use as a hypermarket, supermarket, hard discount grocery store or click-and-drive grocery store (non-compete clause).

(2) Lease Management and Property Management Agreements

(a) Management of leasing activities in France

Pursuant to exclusive agreements with Carmila France and certain of its subsidiaries, Carrefour Property Gestion performs lease management and property management services for all of the real estate assets that Carmila France and its subsidiaries own or that they occupy under construction leases, long-term leases or financial leases with third parties. These exclusive agreements were entered into for a term of five years beginning on 16 April 2014. They were extended by a year, prolonging their residual post Merger term until 31 December 2020.

In connection with each agreement, Carmila France or one of its subsidiaries has retained Carrefour Property Gestion to perform the following lease management services:

- maintenance of the list of tenants and their rental status;
- monitoring of insurance policies that tenants are required to maintain;
- invoicing and collection of rents and related charges; and
- collection and reporting of tenants' revenues.

With respect to property management, each of the agreements provides for the performance of the following principal services:

- assistance with commercial optimisation of real estate assets;
- assistance with managing service provider and partner relationships and with preparing, negotiating, and carrying out disposals of all or part of the real estate assets;
- inspections of premises and approvals for sales of businesses, sales of leasehold rights, and subleases; and
- assistance with development projects (in accordance with the terms of the Renovation and Development Agreement).

As consideration for these services, Carmila France and each of its relevant subsidiaries pays Carrefour Property Gestion an annual fixed payment equal to 3.5% of the annual net rents collected. Net rents are defined as rents excluding taxes, charges and insurance, but excluding revenues relating to specialty leasing. For indicative purposes this amounted to €7,845 thousand in 2018 and €8,189 thousand in 2019.

In addition, Carrefour Property Gestion has granted the sub-management to Almia Management, a Carmila Group affiliate, of its shopping centres in France for which Carrefour Property Gestion is the designated property management entity or chairman of the relevant urban property association, and shopping centre director. In this context, Almia Management manages the shopping centre's relations with the shop retailers as well as, in particular, the management of regulatory compliance, leases and internal regulations, representation of landlords, marketing for the shopping centres and temporary exhibitions in the shopping malls. Almia Management was paid €4,624 thousand in 2018 and in 2019.

(b) Management of leasing activities in Spain

Carmila España has entered into an exclusive lease management and property management agreement with Carrefour Property España with a term of five years beginning in April 2014, covering the same services as those provided under the agreements in France, except for certain specific services (such as, in particular, the commercial optimisation of the properties). Simultaneously with the Merger, it was extended until 31 December 2020.

As consideration for the performance of these services, Carmila España pays Carrefour Property España annual compensation equal to 3.6% of annual net rents collected, with net rents defined in the same manner as for the agreements in France. Carrefour Property España was paid fees of €2,363 thousand in 2018 and €2,663 thousand In 2019, as consideration for these services.

Certain services, in particular the commercial optimisation of properties, that are not covered by the agreement, are performed by Carmila España on its own behalf, as well as for the benefit of Carrefour Property España and other Carrefour group entities in Spain pursuant to exclusive agreements with Carmila España. Carmila España SL was paid €168 thousand in 2018 and €172 thousand in 2019 for this service.

(c) Management of leasing activities in Italy

Carmila Italia has entered into an exclusive lease management agreement with Carrefour Property Italia covering the same services as those provided for in connection with real estate management activities in France, as described above, in addition to lease management and business lease management.

This management agreement, for an initial term of five years, was extended until 31 December 2020 simultaneously with the Merger in order to incorporate a design and town planning assignment in 2017. Since 1 January 2017, asset management and letting services initially provided by Carrefour Property Italia pursuant to this agreement are now performed by Carmila Italia, including (i) optimisation of the properties' merchandising mix and (ii) renewal of leases and letting of vacant premises or premises that become vacant.

From 1 January 2017, Carmila Italia pays Carrefour Property Italia, as consideration for all these services, a fixed annual compensation equal to 1.3% of annual net rents collected, with net rents defined in the same manner as for the agreements in France, and €79 thousand for design and urban planning services (only in 2017). Carmila Italia paid Carrefour Property Italia €664 thousand in 2018 and €566 thousand in 2019 for all the services.

Carrefour Property Italia has also entered into the following agreements with Carmila Italia: (i) an exclusive delegation agreement pursuant to which Carmila Italia markets its assets, and (ii) a sub-delegation agreement for the management of the Carmila Group's shopping centres located in Italy.

(3) Service Agreements

The Carmila Group has entered into several service agreements with the Carrefour group pursuant to which Carrefour or its affiliates undertake to provide assistance, advice, and services to Carmila and its subsidiaries relating to accounting, tax, legal, administrative, and insurance matters. As consideration for these services, the Carmila Group paid the Carrefour group fees totalling €3,274 thousand in 2018 and €3,378 thousand in 2019.

(4) Letting and specialty leasing agreements in Spain

Carmila España provides letting services to Carrefour Property España and other Carrefour group entities in Spain under exclusive agreements with terms of five-years, as consideration for which Carmila España receives compensation equal to 10% of the rent agreed with tenants, in the case of letting or re-letting, or 5% of the rent agreed with tenants, in the case of renewals of leases.

Carmila España also provides specialty leasing services to Carrefour Property España and other Carrefour group entities in Spain under separate agreements entered into with each of the Carrefour group entities. Carmila España's payment under these agreements is set by reference to a two-tranche sliding scale corresponding to revenues received from tenants, where the thresholds vary from one shopping centre to the next, pursuant to which Carmila España receives 15% of revenues corresponding to the first tranche and, where applicable, 40% of revenues corresponding to the second tranche.

Carmila España SL received €789 thousand in 2018 and €238 thousand in 2019 for these letting services.

5.1.6 Information systems

The Carrefour group provides information system services to the Carmila Group. Carrefour Property's Information Services Department assists the Carmila Group in planning its information system strategy, supervises the implementation of its IT projects and manages the resources and budget dedicated to information systems. The Information Services Department participates in the design and articulation of the Carmila Group's projects and is involved in the preparatory phases, in order to (i) identity a project's inherent risks, in particular with respect to the protection of information and (ii) define the security needs and actions to be integrated into the project.

5.1.6.1 Operational Systems

The Carrefour group's Real Estate Department has developed specific information systems to respond to analysis and reporting needs, in particular using the leasing and real estate management application "Altaïx" and the data visualisation application "Qlikview".

These reporting tools assist with steering activities concerning:

- Lease Management (tenant relations), using various business metrics (vacancies, unpaid rent, lease status, tracking of movements, lease expiration, mapping of certain indicators with targeted step plans);
- Property Management (management of common charges) through indicators such as budgetary monitoring, benchmarking of expenses and monitoring of supplier invoices.

5.1.6.2 Other Applications and Information Systems

The Carmila Group uses applications and operational systems for financial and accounting management. These systems are based on a reporting and consolidation tool that aids in preparing consolidated financial statements and measuring the Carmila Group's performance. To that end, the Carmila Group uses applications such as "PeopleSoft", "GED Factures" and "Exabanque".

The other main applications and systems used by the Carmila Group are "Eurecia" and "Hypervision" for human resources management, "Altaïx" and "Global AG" for assistance with various property management tasks, and "My J'Aide" and "AD Environnement" for archiving and communications.

5.1.6.3 Continuity of Information System Service

Significant security measures are in place to protect the security of the systems, applications and data of the Carmila Group and its clients. Utmost attention is paid to the security of systems and the protection of personal data against risks of destruction, theft and fraudulent or malicious use.

5.2 Risk factors

Investors should consider all of the information set forth in this document, including the following risk factors. These risks are, as of the date of this document, those which the Group considers would be likely to have a material adverse effect on the Group, its business, financial position, result of operations or outlook, should they occur.

The Group is exposed to different risks that may have a material effect on its business, financial position result of operations. The risk mapping is presented and approved every year by the Audit Committee in order to verify the completeness of risk-monitoring and ensure the follow-up of risk management. It may be amended based on action plans that are implemented or the identification of new risks.

In accordance with "Prospectus Regulation 3"[1] that was adopted in June 2017 by the Parliament of the EU and entered into force on 21 July 2019, in 2019 Carmila updated the Group risk matrix, which incorporates the specific major risks to which it is exposed. Chosen on the basis of so-called gross risk measured by their impact and their probability of occurrence – before taking into account risk management controls and policies – these risks are nevertheless presented in the matrix below based on their estimated "net" impact, both in terms of impact and occurrence, after taking into account all the measures taken by the Group to reduce them and the endogenous and exogenous mitigation factors of these risks.

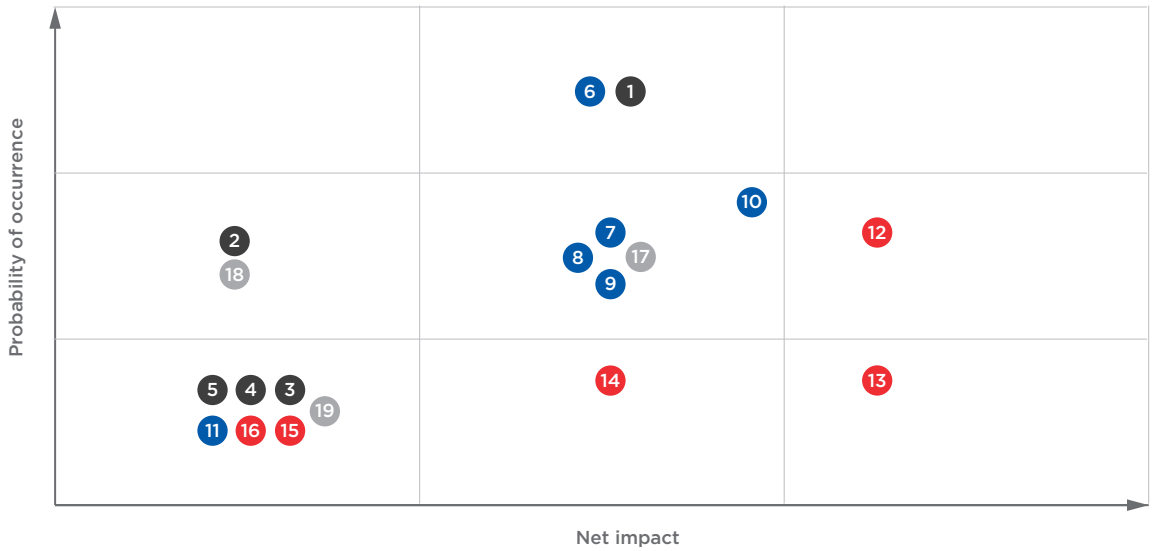
Carmila has identified 19 specific and major risks grouped into 4 categories, ranked, and presented in decreasing level of magnitude within each category based on their probability of occurrence and their potential impact.

	Probability of occurrence	Net impact
CATEGORY 1: RISKS RELATING TO CARMILA'S BUSINESS SECTOR		
1. Changes in the commercial real estate market	●●●	●●
2. Changes in consumer trends	●●	●
3. Competitive environment	●	●
4. Geographic exposure of the portfolio	●	●
5. Changes in the socio-economic environment	●	●
CATEGORY 2: RISKS RELATING TO CARMILA'S BUSINESS		
6. Relationship with and exposure to retail brands	●●●	●●
7. Counterparty risk	●●	●●
8. Strategic partnership with the Carrefour group	●●	●●
9. Property development	●●	●●
10. Health, safety and security including the risk of health crisis (Covid-19 type)	●●	●●
11. Information system security	●	●
CATEGORY 3: REGULATORY, LEGAL AND TAX RISKS		
12. Town planning and environmental regulations	●●	●●●
13. Regulations applicable to SIICs	●	●●●
14. Regulations on commercial leases	●	●●
15. Applicable regulations on the security and use of personal data	●	●
16. Ethical risks	●	●
CATEGORY 4: FINANCIAL RISKS		
17. Access to financing	●●	●●
18. Rise in financing cost	●●	●
19. Access to equity market	●	●

(1) *Regulation (EU) no. 2017/1129 of the European Parliament and of the Council of 14 June 2017.*

Risk matrix

MAPPING OF RISKS BASED ON THEIR PROBABILITY OF OCCURRENCE AND THEIR NET IMPACT



CATEGORY 1:
RISKS RELATING TO CARMILA'S BUSINESS SECTOR

1. Changes in the commercial real estate market
2. Changes in consumer trends
3. Competitive environment
4. Geographic exposure of the portfolio
5. Changes in the socio-economic environment

CATEGORY 2:
RISKS RELATING TO CARMILA'S BUSINESS

6. Relationship with and exposure to retail brands
7. Counterparty risk
8. Strategic partnership with the Carrefour group
9. Property development
10. Health, safety, security including the risk of health crisis (Covid-19 type)
11. Information system security

CATEGORY 3:
REGULATORY, LEGAL AND TAX RISKS

12. Town planning and environmental regulations
13. Regulations applicable to SIICs
14. Regulations on commercial leases
15. Applicable regulations on the security and use of personal data
16. Ethical risks

CATEGORY 4: FINANCIAL RISKS

17. Access to financing
18. Rise in financing cost
19. Access to equity market

5.2.1 Risks relating to Carmila's business sector

1. Changes in the commercial real estate market	●●● ●●
Identification and description of the risk	**Control and reduction of risk**
Market conditions impacted over the long term by negative anticipations about the future of the shopping centre business could lead to a decline in the appraisal value of the Group's assets, and particularly in the appraisal values once increases in capitalisation rates and/or discount rates on projected future cash-flows are taken into account or future cash-flows are revised downward. As at 31 December 2019, Gross Asset Value including transfer taxes of the Group portfolio was €6.4 billion. Appraisal values are reassessed by independant appraisors every six months. A drop in liquidity on the real estate transaction market resulting from lower investor interest in the shopping centre asset class could also affect the value of the assets. As a result, the Company could see a decline in its ability to finance its growth through the disposal of assets, use of new financing or placement of new shares on the market.	The Group has put together multi-disciplinary teams specialised in managing shopping centres adjoining hypermarkets and located in operational centres throughout France, Spain and Italy. These teams work on bolstering the attractiveness and value of Carmila's shopping centres by actively managing the retail offering, engaging in marketing, and implementing targeted Asset Management initiatives. These actions aim to increase the attractiveness of Carmila's shopping centres, draw more visitors and boost retailers' sales. They help to: • safeguard the assets' revenues by sustaining occupancy rates and the market level of rent; • be selective in terms of which assets the Group purchases and keeps in order to maintain a high-quality, attractive portfolio; • implement Asset Management actions (renovations, restructuring, extensions) on the assets that help raise their value. The Group also benefits from a resilience of its rental values due to the terms of the commercial leases signed in the three countries (between 5 and 12 years), which guarantee rental income and provide reliable forecasts of future cash-flows; this is further backed by laws that protect the lessor in the event of unpaid rents, particularly in France. The geographic distribution of Carmila's portfolio exposes it to different investment markets that may behave differently.
2. Changes in societal consumption trends	●● ●
Identification and description of the risk	**Control and reduction of risk**
Consumption in general and retail activities as a whole are facing new societal trends such as: • the growth of e-commerce; • changes in consumer habits (drive, convenience, shifting use of transport, etc.) and their purchasing habits (second-hand market, recycling, etc.); • new emerging consumer trends (de-consumption, decline in mass market, role of CSR in choice of brands and uses, etc.). Carmila must face these new trends and adapt its shopping centres and offerings. An inappropriate adaptation could lead to: • a loss of attractiveness of Carmila's shopping centres and a decline in footfall and retailers' revenues; • decline in occupancy rates; • a decline in brand awareness; • a decrease in rental values and rent, and in the value of the Group's assets.	• Carmila's assets have historically been rooted in their region and local economic network, in areas that are now embedded in cities. These are local assets, both in the geographic sense and in terms of use. Because they are adjacent to a food-related catalyst (hypermarkets), they are guaranteed to have regular footfall, and the local anchoring of the site and the teams in place make them a daily actor and partner for customers as well as local authorities and organisations. • The retail and service offering of Carmila's shopping centres is continually being adapted to meet the needs expressed or perceived by the customers and the catchment area. The shopping centres offer a convenient, practical solution that satisfies daily needs (food, supplies, services). • Studies are conducted several times a year among the customers and residents in the catchment area to understand their needs and perceptions and to adapt the offering of each centre to these needs; • The Letting and Asset Management teams adapt the merchandising mix of each shopping centre to changing national and local consumer trends, such as seeking new retail brands and new purchasing habits. • The expansion of specialty leasing and pop-up stores helps to adapt more quickly to new trends and customer demands. • Digital marketing with a web-to-store approach was developed from the outset by Carmila's teams, which have built up a well-regarded expertise in this area along with effective tools. In addition to attracting customers to the shopping centres, this approach aims to penetrate the markets overlooked by the internet: instantaneous purchasing, grouping of several types of purchases into click & collect, ability to cross-functionally develop additional sales, familiarity of the location, and easy access and free parking.

3. Competitive environment

Identification and description of the risk

Carmila is facing competition that needs to be analysed at local level and varies from one catchment area to another.

In every city where a Carmila shopping centres is located, it needs to increase its attractiveness, draw new customers and retain existing ones, and monitor and anticipate its competitors' initiatives.

In addition, some towns may sport an excess of commercial space.

Under these circumstances, Carmila could potentially:

- Fail to adequately anticipate competitors' initiatives;
- enact unsuccessful marketing and letting strategies;
- see the local leadership of some of its assets deteriorate.

Potential consequences could be:

- a decline in retailers' sales;
- a decline in rent and occupancy rates;
- a decrease in the values of assets whose retail attractiveness is damaged.

Control and reduction of risk

- Thanks to the history of the Carrefour group, Carmila's sites have historically occupied the position of leader or co-leader in their catchment area in the vast majority of cases.
- Carmila regularly tracks the satisfaction of its shopping centres' customers and retailers, through customer surveys and mystery shoppers, and questions the non-customers of the catchment area and develops digital marketing tools to reach out to them and encourage them to visit the shopping centres.
- Carmila is diligent about maintaining the architectural (through renovations), technical and sanitary quality of its shopping centres and strengthening their competitive position through extensions and renovations, and by adapting the retail offering to the individual needs of each catchment area. For this purpose, the Letting teams are based within the regions to be able to develop local retail solutions that are adapted to each shopping centre.
- Carmila's Letting and Asset Management teams anticipate local competitive developments and adapt the retail offering and trade channels accordingly, along with the digital and physical advertising plans of each shopping centre. They are continually seeking the retail brands and the activities that are best suited to the needs of each area, the size of the shopping centre and the competitive environment.
- Carmila invests €4-5 million per year in local digital marketing actions targeting retailers (B2B) and customers (B2C). Such actions aim to boost the attractiveness of each shopping centre and increase the retailers' sales.

4. Geographic exposure of the portfolio

Identification and description of the risk

Carmila conducts its business and has shopping centres in Europe, and consequently could be exposed to risk relating to:

- loss of value or revenue due to concentration in a given country or region;
- country-specific socio-economic risks.

Control and reduction of risk

- Carmila's portfolio is made up of diverse types of shopping centres that vary based on the size of the catchment areas.
- The portfolio consists of 215 shopping centres distributed uniformly across France, Spain and Northern Italy (one of the country's most prosperous areas).
- These are shopping centres of all types: regional shopping centres (80 to 150 stores), large shopping centres (40 to 79 stores) and local shopping centres, without high unit exposure to supra-regional assets (more than 150 stores).
- Carmila's unit exposure is not very concentrated: Group-wide, the geographic distribution of the portfolio greatly reduces this risk. At 31 December 2019, Carmila's largest asset represented 4.4% of the portfolio's value including transfer taxes and 4.2% of annualised net rental income from leases.

5. Changes in the socio-economic environment

Identification and description of the risk

Retailers in shopping centres, and the Carmila Group indirectly, have a business related to consumption and consequently may experience a reduction in the retail activity of the shopping centres should this business experience a long-term downturn due to:

- potential demographic impact (decline in birth rate);
- a drop in the economy's growth rate;
- greater unemployment;
- an actual or perceived reduction in households' purchasing power;
- a decline in household consumption for any other reason.

In addition, the shopping centres' business could be disrupted by major local or national socio-political events that would affect visitor traffic and consumption, as was seen with the recent Yellow Vest demonstrations and strikes in France in late 2019.

If such a situation were to continue for an extended period, it could have the following effects for Carmila:

- an increase in the number of retailers who may encounter problems and an increase in cases of receivership or liquidation;
- a decline in the occupancy rates of its shopping centres (as at 31 December 2019, the consolidated financial occupancy ratio of the Group, excluding strategic vacancy, was 96.3%);
- a decrease in gross rent collected and in market rents.

Control and reduction of risk

Against this backdrop, Carmila's positioning is of a protective nature:

- the anchoring to a food-related powerhouse ensures a regular footfall and a familiarity with the shopping centre;
- the portfolio's diversity in terms of geography and type of shopping centres mitigates the risk;
- operating in Euro Zone countries ensures greater economic stability;
- the diversity of the product mix in terms of pricing and usage focuses on daily needs and many essential services.

Carmila's shopping centres are everyday shopping centres where customers go several times a month, develop habits, and find the services and products they need on a recurring, familiar basis.

In addition, as the lessor, Carmila is not directly affected by a drop in consumption and footfall.

The structure and term of the commercial lease offer Carmila stability and reliable forecasts on the collection of its rent.

Leases of the portfolio include in their vast majority a minimum guaranteed rent. As at 31 December 2019, leases based on variable rent alone, with no minimum guaranteed rent component, only represent 1.5% of the total Group rents.

5.2.2 Risks relating to Carmila's business

6. Relationship with and exposure to retail brands	●●● ●●
Identification and description of the risk	**Control and reduction of risk**
The business and success of Carmila's shopping centres reside largely in the teams' ability to choose the best retail brands and activities for the catchment area and the competitive environment, and the most effective retailers to enhance and preserve the attractiveness of each shopping centre. Conversely, Carmila must confront and anticipate a potential slackening of the commercial appeal of the retail brands. At a time when customers are increasingly seeking variety, change and innovation, some retail brands might not be able to adapt their concept quickly enough and would therefore lose attractiveness and sales. A best choice of brands and retailers, and their local adaptation, are key to helping Carmila's business thrive because they impact: • the default rate of the retail brands and the rate of overdue debt; • footfall, attractiveness and the revenues of the retailers in the shopping centres; • the leadership of the shopping centre; • the value of Carmila's assets over time.	Since its inception, Carmila has been implementing a policy of diversification of activities and retail brands while adapting the merchandising mix to the size of each shopping centre, to local needs and to the competitive environment. To do this, the Group relies on the regional teams, who tailor the letting activities to each site and locally select retailers and master franchisees established in the region and add them to the portfolio of national and international brands. This approach is backed up by a B2B and B2C local digital marketing strategy that is implemented across the shopping centres and aims to help local retailers grow their business thanks to tools that provide local information about the catchment area (local databases, local surveys of customers and prospects). Finally, Carmila's Survey Department conducts detailed local analyses that bolster the attractiveness development mechanisms of the retail brands and the shopping centre, and provide in-depth information about the customers and residents of the catchment area by profile category. Within Carmila's lease portfolio (more than 6,300 leases), the diversity of the retail brands is broad and thus reduces the risk of dependancy on a given retail brand. No retail brand represents more than 2% of the annual rent of Carmila's lease portfolio, and the 15 main retail brands in the portfolio represented only 18.8% of the annualised rents at 31 December 2019.

7. Counterparty risk	●● ●●
Identification and description of the risk	**Control and reduction of risk**
Carmila manages a portfolio of more than 6,300 leases with more than 4,500 retail brands and retailers. The Group faces a risk of deterioration of the financial health of some of these retail brands, the consequences of which could be: • an increase in the rate of bad debt; • a risk of insolvency of some tenants, receiverships or liquidations; • a decline in the occupancy rate (96.3% as at 31 December 2019).	Carmila has established a set of controls aiming to reduce counterparty risk: • group decision-making process for signing new leases; • analysis of the solvency of new tenants; • regular, active monitoring procedure for unpaid rents and at-risk lessees (monthly review of business, payments and key indicators), leading to credit collection procedures; • diversification of the portfolio of retail brands (the top 15 lessees represent less than 19% of annual rent); • ongoing monitoring of the credit-worthiness of lessees' businesses by the local letting, asset management and local management teams; • proactive support for tenants experiencing difficulties to help them assign their lease to a new retailer before any discontinuation of operations. The relevant indicators on the health of the retail brands are tracked on a monthly basis by the Management Committee and corrective or support measures are consequently devised and deployed. Information on trade receivables and their bad debt allowance is provided in Note 7.5 *Trade receivables in the Notes to Consolidated Financial Statements* presented in section 7.1 *Annual consolidated financial statements at 31 december 2019* of this document.

8. Strategic partnership with the Carrefour group

●● ●●

Identification and description of the risk

The Carrefour group is a key partner for Carmila:

- it is the co-owner and co-operator on all of Carmila's sites (hypermarkets);
- it is a partner and co-investor for all the extension and mixed-use projects developed on the shared sites;
- it is a Reference Shareholder in Carmila with 35% of the share capital;
- it operates as a service provider for Carmila for some support functions and for development projects (Project Management – see Risk 9 – Property development).

This proximity is strategic and key for Carmila's business model. Nonetheless, it exposes Carmila to certain business risks:

- the dependancy on Carrefour hypermarkets regarding visitor traffic in Carmila's shopping centres, particularly certain small assets;
- Carmila's investment and development strategies that are tied to those of the Carrefour group;
- the effectiveness and adaptability of Carrefour's support functions to Carmila's priorities;
- investment decisions requiring suitable governance.

Control and reduction of risk

The following primary procedures were implemented in 2014:

- regular formalisation of contractual relationships with Carrefour (Renovation and Development Agreement, service agreements, management mandate). The contractual relationships with Carrefour are subject to an annual detailed disclosure by Carmila and are overseen by the Board of Directors;
- Carrefour's and Carmila's interests (sharing of margin on development projects, co-investment) are aligned;
- the majority of the members of Carmila's Board of Directors are independent;
- decision-making for investments (Strategic and Investment Committee) is independent and the directors representing Carrefour do not vote on decisions that involve Carrefour (co-investments, contract renewals, etc.);
- the share of Carrefour rents in Carmila's portfolio is low: less than 1% of Carmila's total rent;
- regular benchmarking is done on the support functions in order to ensure that the cost of the services provided is competitive.

In addition, by installing, where possible, in its shopping centres alternative and additional powerful and attractive banners other than the hypermarket, Carmila reduces its exposure to the hypermarket and increases the retail attractiveness of the sites.

9. Property development

●● ●●

Identification and description of the risk

In partnership with Carrefour, Carmila is developing a sizeable extension portfolio of its shopping centres. Since 2016, 20 extension and restructuring projects have been delivered for an investment of €509 million for Carmila.

This development activity exposes Carmila to the typical risks associated with property development:

- operational risks related to the management of construction, renovation, restructuring and extension projects on shopping centres, to the procurement of permits (CDAC, CNAC, building permits, fire department) and to project management liability *(see Relationship with Carrefour);*
- financial risks related to the financial profitability of the projects, and to acquisitions and investments;
- legal and social risk of development projects.

Control and reduction of risk

The main systems and procedures to mitigate these risks are implemented throughout the development of the project:

1/ Upstream:

- feasibility studies and analyses completed upstream by Carmila and Carrefour teams. Common decisions involving all three Carmila, Carrefour and Carrefour Property teams;
- independent decision-making of each developer: Carmila's Strategic and Investment Committee and the Carrefour group's Investment Committee. Every step (analysis, permit application, start of work) entails a decision by each of these committees;
- inclusion of the different stakeholders of both groups upstream.

2/ During the successive phases of design, procurement of permits, pre-letting and construction:

- tracking of investments by the Strategic and Investment Committee and regular financial control (systematic due diligence);
- joint operational control of the projects with Carrefour;
- alignment of interests with Carrefour;
- standardised procedures, systematic construction and service provider calls to tender, selection of reputed, first-rate subcontractors, use of outside consultants;
- a pre-letting rate before construction work begins of at least 60%;
- verification of the compliance of development projects with Carmila's CSR policy;
- coverage with specific insurance.

The teams' experience, long-standing relationships with local communities, and internal controls procedures increase the efficiency in meeting the objectives.

10. Health, safety, security including the risk of health crisis (Covid-19 type)	●● ●●
Identification and description of the risk	**Control and reduction of risk**
The Group is subject to numerous obligations connected to the operation of its shopping centres, particularly those related to buildings open to the public. In addition, the proliferation of terrorist acts in Europe raises the risks in all places that are open to the public and requires the implementation of procedures that adjust to these changing circumstances. Moreover, Carmila is exposed to natural disaster risks in its shopping malls that could cause damages to its customers, its retailers and its employees.	In order to mitigate these risks and their consequences, a compliance and internal control manager reporting to the General Secretariat is responsible for coordinating the actions of the different departments in implementing preventive measures (outlining of operating and emergency procedures, trainings, etc.) and protection systems. • Regular audit, ad-hoc site inspections and preventive systems. • Initial and on-going training of all the stakeholders, especially the staff in charge of implementing and monitoring the safety and security procedures. • Formalised emergency procedures for the main security, safety and health risks. • Permanent reviewing and improving procedures process. In addition, since Buildings open to the public are subject to specific regulations regarding safety, accessibility and fire procedures, the following measures have been implemented: • Permanent updating of regulatory requirements by the Legal and Real Estate Operations teams with the relevant administrative authorities (Prefectures, SDIS, etc.) and professional bodies (CNCC, etc.). • Participation of the Legal and Real Estate Operations teams in the administrative working parties in charge of drafting or updating regulatory requirements and standards. • Implementation, from the inception with the design of the buildings, of the latest updated regulatory requirements (Construction and Housing Code, accessibility, etc.). • Drawing-up pluri-annual capital expenditure budgets anticipating regulatory inspections by administrative bodies or regular maintenance of buildings and equipment. • Exclusive use of authorised Buildings open to the public service providers. • Upstream preparation of the security commissions with all parties involved. These procedures are implemented locally by specialised teams with on-site assistance (real estate operation, shopping centre managers, safety and security staff, asset managers). The geographic diversity of Carmila's portfolio (215 sites, three countries) makes it possible to mitigate these risks on the Group as a whole. No single site represents a material exposure for the Group within the portfolio.

Risk of a Covid-19 type health crisis
A major health crisis, such as the Covid-19 crisis, is likely to have a lasting and profound impact on the business of one or more geographical areas, to an extent which is difficult to predict. It could disrupt the operation of shopping centres owned by the Group.
Regulatory or legislative obligations designed during the crisis could modify the usual access of customers, employees, service providers and deliveries to shopping centers.
These same obligations are likely to modify management and support functions located at the Group's headquarters, operate.
Such a situation would have the following effects:
• modifying, restricting or temporarily interrupting shopping center operations;
• modifying, restricting or temporarily interrupting the activity of support services and essential services that allow shopping centres to be operational;
• modifying, restricting or temporarily interrupting the activity of retail operators in the centres and potentially endangering their survival;
• consequently to defer, restrict or interrupt the collection of rents and charges by the lessor.
	In order to respond to an exceptional risk of a health crisis, such as the Covid-19 crisis, a **Business Continuity Plan (BCP)** has been designed, comprising:
	• a reminder of the role and challenges of the Business Continuity Plan;
	• a list and analysis of the activities and functions that are vital for the Company to continue its operations in the event of a crisis;
	• the identification and list of the measures implemented to ensure the continuity of these vital functions, including:
	  • the real-time census of the persons responsible for implementing and managing these measures, specifying their contact details, functions and roles, as well as the persons capable of replacing them if necessary,
	  • alternative modes of operation enabling the pursuit of activities: the pluri-disciplinarity of the teams able to remain on site (Centre and Property Operations Departments) and teleworking, with almost all employees being equipped with a computer, a mobile phone and a remote access to servers and business software,
	  • all of which is coordinated on a daily basis by a Crisis management group;
	• the conditions and procedures for the return to normal activity after the crisis.
	In parallel with this plan, measures have been put in place to offset the economic impact of the reduction or interruption of activity for the Group and its tenants:
	• support measures for tenants (temporary deferral of the payment of rents and charges in particular) in order to allow business continuity, whether or not their operations continue during the crisis period;
	• implementation of measures allowing shops that remain open to continue their activity and greet customers properly (cleanliness, security, etc.);
	• optimisation of operating costs (interruption of non-essential services during periods of reduced activity, interruption of heating and lighting in non-operational areas of the shopping centres, etc.);
	• deferral of non-essential investments (except regulatory and security).

As of the filing date of the universal registration document, the strict containment measures imposed by governments have led to the temporary shutdown of retail shops in the three countries in which Carmila operates. These measures affect all of Carmila's shopping centres, in which most of the shops are now closed. However, they remain open to provide free access, both to essential businesses still in operation, and to Carrefour hypermarkets which remain open to the public. Measures to support activities and businesses have been announced in all three countries but have not yet been specified.	The health crisis of 2020 will make it possible to adapt and perfect the system provided for in the current Business Continuity Plan. Carmila has a strong financial profile with significant undrawn credit facilities and access to the banking, bond and commercial paper markets enabling it to benefit from to the required liquidity during the health crisis.
11. Information system security	● ●
Identification and description of the risk	**Control and reduction of risk**
The information and telecommunications systems are pivotal to the Group's daily business, performance of transactions, data storage, and communication between the teams and stakeholders. Carmila is thus exposed to: • a risk of information system failure; • a risk of attack on the systems that could impact Carmila's business continuity or image; • a risk of fraud related to the information systems. The tightening of regulations on personal data protection increases the risks (risk of non-compliance, risk of data hacking) and requires the implementation of best-in-class protection procedures and systems in order to protect the customer, provider and employee databases developed by Carmila.	Carmila has opted to rely on Carrefour's information systems organisation model so as to benefit from its effectiveness, structure and know-how in this field. This choice allows Carmila benefit from the quality of the computer security of a large conglomerate and to pool resources and expertise. Carmila thus benefits from the expertise of: • the IT System Department responsible for the systems' security; • a dedicated information system security contact person. It implements the Carrefour group's procedures regarding: • data security, applications, systems and hardware that are regularly updated and keep up with a rapidly changing landscape; • audits and regular system updates; • awareness-raising and training of users; • annual system testing; • subjecting suppliers to contractual obligations. It adapts and develops across Carmila: • formalised business continuity plans that are tested annually; • obligations with regard to reporting, the implementation procedures and monitoring in relation to the regulations on personal data; • initial and continuing training sessions for teams in information system, provided in person and online. • Upon hiring, all employees receive an IT charter, and once a year all employees receive a reminder of the best practices of information system security.

5.2.3 Regulatory, legal and tax risks

12. Town planning and environmental regulation	●● ●●●
Identification and description of the risk	**Control and reduction of risk**
Carmila's management activities (buildings open to the public, property sector) and development activities (construction, commercial authorisations) are very exposed to town planning and environmental regulation. A significant change in legislation in this area could have an unfavourable impact on the company's capacity to manage or develop an asset, or a financial impact which could alter the Group's performance. Various changes to legislation and regulations as well as erroneous application of the latter could have significant consequences for Carmila, both in financial terms and in terms of its capacity to develop projects.	Carmila takes certain measures which enable it to mitigate the occurrence of this risk: • Thanks to the local presence of its teams, in all three countries where Carmila operates and above all in the heart of regions and towns, and the contacts built up with local stakeholders, it can anticipate changes to local and regional regulations. • Legal specialists in Carmila, Carrefour Property and Carrefour along with third party experts and consultants constantly monitor changes in regulations. • The existence of a Strategy and Territorial Development unit, which aims in particular to identify and anticipate legislative, regulatory and fiscal changes in terms of town planning and the environment. • Anticipation and participation in the evolution of urban planning documents (PLU...) in collaboration with the competent authorities. • Detailed analysis of urban planning documents and regulations prior to the launch of any project by experts within the Construction and Real Estate teams, helped by external experts and consultants. • Carmila's proactive CSR policy, which aims to certify over 75% of its portfolio by the end of 2021, allowing to anticipate legislative changes relating to the environment, ethic, health, working conditions, safety, and climate. • The teams are subject to continuous training to be aware of the environment and changes in legislation and regulations of their businesses, its developments and the consequences specific to the development of commercial assets open to the public. • Carmila is also a member of dynamic benchmark bodies in its sector of activity (CNCC, FSIF) whose role notably consists of being involved with administrative bodies or Parliament in preparing legislation.
13. Regulation applicable to SIICs (SIIC in French)	● ●●●
Identification and description of the risk	**Control and reduction of risk**
As a listed property company benefiting from the tax regime of Real Estate Investment Trusts (SIIC), Carmila is very sensitive to changes in regulations covering this specific tax regime.	• Carmila is a member of dynamic benchmark bodies in the SIIC sector (FSIF, EPRA) whose objectives are notably being a party to the discussions in anticipation of changes in legislation. These bodies coordinate clear and straightforward statements on the contribution of SIICs to the economy, both in France and Europe (direct and indirect job creation, creation of value, contribution to stock market). • EPRA, the European Public Real Estate Association, aims to develop the SIIC regime in all European countries in order to create a dynamic sector on the stock market on a European scale. • Carmila also regularly monitors fiscal regulations, and checks that the Group complies with its SIIC obligations.
14. Regulation of commercial leases	● ●●
Identification and description of the risk	**Control and reduction of risk**
The lessor/lessee relationship is largely built on current legislation covering commercial leases. A change to this legislation could impact commercial relationships with retailers, and have implications for the Group's activity and Carmila's performance, in both operational and financial terms.	Carmila actively participates in one-to-one talks and in market related bodies (CNCC, FSIF, Spanish and Italian bodies) with retailers on the legal framework of their collaboration. Maintaining trust in the relationship with retailers will help to gradually adapt the legal framework to new commercial realities, particularly in including e-commerce in retailers' activity and necessary changes linked to the environmental and societal issues faced by the retail sector. In addition, a dedicated legal team is in charge of monitoring and implementing potential legislative or regulatory changes in lease contracts. In addtion, initial and ongoing training is provided to the teams concerned, in order to keep them aware of any regulatory or legislative changes specific to leases.

15. Applicable regulations on the security and use of personal data

Identification and description of the risk

Carmila maintains databases necessary to its activity:

- Customer information within the framework of its Digital Marketing activity;
- Employee information for the management of its staff;
- Information on other stakeholders enabling it to communicate with them and carry out day-to-day management operations (suppliers, investors etc.).

Improper application of the regulation in force could have operational and financial consequences for the Group as well as an impact on its reputation.

Control and reduction of risk

Carmila has put in place appropriate governance which complies with legislation:

- Carmila has appointed a person responsible for the implementation and monitoring of obligations linked to personal data legislation. They work in conjunction with the monitoring group set up at the Carrefour group level;
- an inventory of sensitive data is also carried out periodically and a register is kept up-to-date;
- the data collection procedure has been made Data Protection compliant;
- awareness-raising and training are periodically provided to data users;
- external service providers are subject to Data Protection obligations through amendments to their service contracts.

16. Ethical risks

Identification and description of the risk

Failings in the organisation of its control mechanisms would expose Carmila in relation to:

- its capacity to meet its legal obligations with regards to fighting corruption and money laundering;
- risk of fraud.

Control and reduction of risk

Carmila's controls are based on the proper application of the procedures implemented, including:

- a collective strategic decision-making process (France financial committees, Group financial committees, etc.);
- the delegation of responsibilities through relays, who are responsible for the consistent implementation of Group policies (each manager, at his level, controls the activities over which he has responsibility);
- the segregation of functions, with a clear distinction between operational and decision approval functions;
- the existence of three levels of control: level 1 - Assessment by employees and their managers, level 2 - Assessment performed by permanent control functions that are independent of the operational teams and processes, level 3 - Internal or external audits.

Furthermore, in order to improve the monitoring of these risks, Carmila has appointed a head of internal control and compliance - himself exercising under the control of the Group's Secretary General- whose role is to:

- introduce procedures and check they are being applied correctly;
- train and raise awareness amongst employees and stakeholders on these issues.

All business line procedures and associated rules in the area of corruption, fraud and money laundering are in the "Business Line Books" which documents the different operational functions, as well as the rules of conduct and main procedures of each business line.

All of Carmila's employees sign a declaration of independence every year.

Training on best practices aimed at fighting fraud, corruption and influence peddling is provided to the Management Comittee, all employees and new arrivals every year. A digital version is permanently available online for all employees.

5.2.4 Financial risks

17. Access to financing	●● ●●
Identification and description of the risk	**Control and reduction of risk**
In certain cases Carmila might have difficulty re-financing its debt or may face an increase in the price of existing debt: • shutdown of markets for bank debt, bond or private debt and commercial paper; • Carmila's debt level (LTV) may be considered to be too high; • meet the threshhold of covenants agreed in financing contracts; • restriction of the capacity to access financial and derivatives markets; • risk on hedges and on counterparts of financial instruments. The Group financial policy, the various ratios relating to the Group's debt and its covenants are presented in section 3.9 *Financial policy* of this document.	Since its inception, Carmila diversifies its sources of finance in order to protect itself from any temporary shutdown of various markets. The Group is in regular contact with the large banks and financial markets where it operates. In addition, Carmila carries out regular and permanent monitoring of liquidity. It ensures that it maintains a high level of transparency and quality in its communication with financial markets and rating agencies. It constantly monitors financing markets, source of funding, in order to seize financing opportunities if the markets were to falter. Agreeing to a €1,500 million EMTN programme in 2019 enables rapid access to the bond market. Carmila also has the capacity to call on alternative sources of funding (shares, asset disposals, free cash-flow). The Group structures part of its development on a pipeline of extension and restructuring projects it controls jointly with the Carrefour group. If necessary it can postpone the development of these projects in order to ease their funding without altering cash-flows and the growth of its existing portfolio. Carmila has undrawn credit lines capable of financing capex for the next 4 years if funding became more difficult. Finally Carmila performs strict management of its liquidity, enabling fine-tuned anticipation of its medium-term requirements.
18. Rise in financing cost	●● ●
Identification and description of the risk	**Control and reduction of risk**
Carmila could face an increase in its financing cost as a result of: • a rise in bond and bank interest rates, or in the cost of hedging; • a deterioration in its debt rating (refer to section 3.9.4 *Rating* of this document). Carmila could also face a deterioration of the derivatives market and an increase in the counterparty risk on derivative instruments.	Carmila's assets produce revenues which are linked to an index of which inflation is a component, thereby giving a natural hedge against a strong rise in interest rates which may accompany higher inflation. In addition, Carmila has long-term debt funding, bearing fixed or swapped into fixed interest rates (82% of debt) which protect against a strong and/or rapid rise in rates. The Group constantly monitors funding opportunities in markets where interest rates may rise. Setting up a €1,500 million EMTN programme in 2019 enables rapid access to the bond market. This access is facilitated by the high level of transparency and the quality of the financial communication with rating agencies and financial markets, hallmarks of Carmila since its inception. Finally Carmila can make use of alternative sources of funding to finance its growth if these are less costly (capital increase, disposal of assets, free cash-flow).

19. Access to equity market	● ●
Identification and description of the risk	**Control and reduction of risk**
Carmila could have difficulty issuing new shares in the equity market: • if investors lose their appetite for the retail property sector; • if there is a crisis in equity markets; • if there is a large discrepancy between the Company's NAV (EPRA NAV equal to €27.79 per share as at 31 December 2019) and its share price. These difficulties could reduce the Company's capacity to finance its growth.	Carmila mitigates this risk by: • diversifying its sources of funding and developing its relationship with leading banks; • maintaining regular contact with the equity markets, with transparent and high quality communication; • constant monitoring of equity markets in order to anticipate opportunities. In addition, Carmila has access to alternative sources of funding; • the bond market, to which Carmila has access from the outset; • an investment grade rating (BBB); • a €600 million commercial paper programme; • through bank debt with top-tier banks; • disposal of mature assets, one-off or in a portfolio. Carmila could also pay part of its dividend in shares in order to increase its available cash. Finally, Carmila can postpone its investments without altering its cash-flows and growth of its existing portfolio, notably thanks to a development pipeline secured as part of its partnership with the Carrefour group.

5.3 Insurance

The Group's insurance policy is implemented via services provided by the Carrefour group; it involves identifying insurable risks through a regular review of existing and emerging risks. The Carmila Group's entities are covered by insurance policies put in place by the Carrefour group, with the customary levels of coverage for this type of business. The Group benefits from these insurance policies as entities that are specifically covered by these policies.

These insurance programs are negotiated centrally, with a renewal on 1 January of each year.

The insurance policies are as follows:

- "Property Damage and Operating Losses" for the purpose of protecting the assets, in particular against fire, explosion, lightning, natural events, theft, and resulting operating losses;
- "Third Party Liability" covering the financial consequences on physical, property and/or financial damage, caused to third parties, in the event that the Carmila Group is held liable;
- "Construction", such as "Construction All Risks" and/or "Building Defects", in order to cover its construction, extension and/or renovation sites, both during work and after delivery.

Other policies cover the Carmila Group's other insurable risks in as appropriate to the nature of the activities, the risks and the size of the Carmila Group.

As soon as it completes an acquisition, the Carmila Group requests coverage for the acquisition under these insurance policies and benefits from equivalent protection or, if applicable, in addition to the guarantees provided by the insurance policy in question (DIC/DIL: Difference in Conditions/Difference in Limits), ensuring good control of existing coverage and guarantees.

5.4 Risk management and internal control

Carmila applies the general principles of internal control and risk management defined in the AMF's reference framework which was published in 20 January 2007 and updated on 22 July 2010.

It should be reminded that Carmila has concluded several service agreements with the Carrefour group for support functions required for running its business. These services mainly concern accounting, tax, legal, real estate, administrative and insurance processes. The Carrefour group's internal control and risk management systems have also been developed to comply with the AMF's framework of reference.

The risk management and internal control systems have been designed to monitor risks, contribute to achieving the Company's goals and make operations more efficient.

Like any system of control, the internal controls provide a reasonable assurance but not an absolute guarantee that the entity's objectives will be achieved. The limits inherent in internal controls mean that they cannot prevent mistaken judgements, bad decisions or external events which result in technical or human failure or which may prevent the achievement of operational objectives.

5.4.1 The risk management system

5.4.1.1 The purpose and organisation of Risk Management

The risk management system is intended to cover the financial risks, operational risks, liquidity risks and environmental risks described in Section 5.2 "Risk Factors"and in Section 4 ".Corporate Social Responsibility" of this document.

The risk management within the Carmila Group aims to identify, analyse and monitor the major risks liable to damage people, the environment, assets, Company objectives or its reputation. The system is, in particular, aimed at:

- the creation and preservation of Carmila's value, assets and reputation;
- safeguarding Carmila's decisions and processes aiming to achieve its objectives;
- encouraging actions which are consistent with Carmila's values; and
- engaging employees around a common vision of the main risks.

Carmila's approach is to integrate risk management into daily business management. Risk management is therefore a common task for all employees. The processing and implementation of the risk management principles are the direct responsibility of the General Secretary who is a member of the Executive Committee and who is responsible for steering and supervising risk management.

5.4.1.2 The identification and monitoring of risks

The Audit Committee monitors risk management on a regular basis and examines risk mapping in particular and the associated action plans.

In addition, within the scope of the service agreements with the Carrefour group, all the services rendered by Carrefour are subject to the internal control and risk management system set up within the Carrefour group, notably through its "Ethics, Compliance, DPO" Department. Carmila also performs a quality control of the services rendered and regularly updates its analysis of the risks inherent to these services.

The safety of people and property is one of the essential objectives of the risk management system in order to:

- ensure suitable protection for customers, employees, service providers and the Group's sites;
- guarantee the compliance with reguatory requirement for each shopping centre; and
- protect and improve the brand image and the business reputation.

Carmila relies on Carrefour's Insurance Department to take out and manage centrally the insurance policies as well as the claims.

5.4.2 Internal control system

The Carmila Group's internal control system brings together the most suitable means, behaviour, procedures and actions adapted to the Carmila Group's characteristics and risk management (see Section 5.2 Risk factors). The purpose of this system is to:

- contribute to the internal control of its business, the effectiveness of its operations and the efficient use of its resources;
- take appropriate action against the major risks facing the Carmila Group of a financial, operational or compliance nature which could prevent the Group from achieving its objectives.

In particular, the internal control system aims to ensure[1]:

- reaching the Group's economic and financial objectives in compliance with the laws and regulations;
- the implementation of instructions and guidance as set out by the Group's Executive Management with respect to internal controls;
- the efficient operating of internal processes, in particular, those relating to the safeguard of assets, people and Group ressources; and
- the reliability of financial information.

5.4.2.1 Organisation and scope of intervention

Carmila has implemented an internal control system which has been documented in different written procedures, a code of professional conduct, and a power delegation organisation, responsibilities and objectives at each level of the organisation, in order to maintain an effective segregation of tasks between execution and control. The implementation of the internal control system is based on an appropriate organisation with a clear definition of responsibilities, having adequate resources and competencies and using information systems, tools and appropriate practices.

The continuous supervision of internal control procedures is organised at the Carmila Group level so as to prevent or detect problems in a timely manner. The reference used for internal control procedures is the Committee of Sponsoring Organizations of the Treadway Commission or "COSO".

The internal control function is supervised by the General Secretary and relies on the internal controls of a Carrefour subsidiary, Carrefour Property for the services rendered.

Carmila's internal control systems, as described in this document are applied, without exception, to all of the Group's businesses and companies.

5

(1) *Purpose specified in the reference framework for the AMF's internal control risk mechanisms (Section II-3 A).*

5.4.2.2 The Internal Control actors: definitions of responsibilities and powers

Management Bodies

The Executive Management is responsible for the internal control and risk management systems. It is therefore responsible for designing, and implementing internal control and risk management systems which are adapted to the Group, its business and organisation.

The Executive Management continuously monitors the internal control and risk management systems in order to preserve their integrity and improve them by adapting to changes in the organisation and environment[1].

It initiates any actions which are required to correct identified malfunctions and to remain at an acceptable level of risk. It ensures that these actions are properly implemented within the agreed time frames.

The Board of Directors examines the essential characteristics of the internal control and risk management systems and thereby acquires an overall understanding of the procedures used to prepare and process financial and accounting information, as described by the Audit Committee. The Board of Directors ensures that the major identified risks for the Group are dealt with in its strategies and objectives, and are taken into account when managing the Company[2].

Audit Committee

The Carmila Group's Board of Directors has set up an Audit Committee of four members as described in Section 6.1 on Corporate governance.

As part of its mission to monitor the effectiveness of the internal control and risk management system, the Audit Committee is responsible for:

- ensuring that the internal control and risk management systems are effectively monitored;
- conducting regular supervision and making any recommendations to improve these systems;
- examining the risks, their level of impact, the procedures set up to counter them and the off balance sheet commitments;
- assessing the irregularities or weaknesses brought to its attention, and
- presenting a summary of its works on internal control to the Board of Directors.

Operational monitoring and surveillance committees

The Group's General Secretary is responsible for ensuring that Carmila's internal control system is operating effectively, including the services rendered by Carrefour. He, in particular, relies on the reports from the following operational committees to do this:

- Real Estate Investment Committee;
- Acquisitions Committee;
- Monthly Activities review;
- Monthly Credit collection Committee and Litigation Committee;
- Ethics Committee;
- Data Security Committee (France).

Carrefour Property's Organisation and Internal Control Department is also responsible for steering internal controls and implementing the action plans for the services rendered in each country.

On a day-to-day basis, managers ensure the continuous supervision of the effective implementation of the internal control procedures.

5.4.2.3 Functions subcontracted to the Carrefour group

Carmila Group has entered into a services agreement with the Carrefour group covering accounting, administrative, IT, legal and tax services.

Information system

The Carmila Group's information systems aim to answer its needs and satisfy its requirements with respect to:

- security and confidentiality;
- reliability and integrity;
- availability; and
- traceability of information, in order to preserve the ability to perform and systematic audit of access or actions.

The Carrefour group provides information system services to the Carmila Group. Carrefour Property's Information Services Department, assists the Carmila Group in planning its information system strategy, supervises the implementation of its IT projects and manages the resources and budget dedicated to information systems. The IT Department is involved in the conceptual design and IT architecture of the Carmila Group's projects and is involved in the preparatory phase so it can:

- identify the risks inherent to the project and in particular relating to data protection; and
- define the security requirements and the security actions to be included in the project.

It is also responsible for the security of information systems and their maintenance.

Carrefour Property France has appointed a Data Security Contact whose main task is to adapt and deploy the security policy defined by the Carrefour group and make the teams aware of best practices.

The implementation review and adjustments involving action plans are performed at the Data Security Committee's quartely meetings.

Legal

Within the framework of the Service Agreement, Carrefour Property monitors the regulatory constraints which apply to the Carmila Group's portfolio, especially administrative authorisations, real estate rights and lease rights. Carrefour Property's legal department is also responsible for monitoring disputes and litigations with the help of third party experts when necessary.

Carrefour's teams also ensure the application of, and compliance with, the laws in force for all of the Carmila Group's activities and companies. They assist all the operational teams to draft specific contracts and produce all commercial leases signed with retail brands along with the necessary legal documentation.

Finally, it manages the legal compliance of the Carmila Group's contracts, companies and corporate bodies as well as their related legal obligations.

Human resources

Carmila's human resources management also draws on the services which are shared with Carrefour for the day-to-day management of human capital to ensure compliance with Carmila's objectives and policies.

Carmila's human resource policy promotes the development of its employees through training and individual career management. Carmila also encourages an integrated work environment with ethnic diversity and gender equality criterion as detailed in the section 4.1.4 *Here we act* for employees).

Compliance with the Group's policy by all the personnel is assessed annually, to ensure compliance with managerial and ethical standards. In part, this assessment which measures performance is a component of variable compensation.

(1) Reference framework for the AMF's internal control and risk management mechanisms (Section II-5 a).
(2) Reference framework for the AMF's internal control and risk management mechanisms (Section II-5 b).

5.4.2.4 Documentation and dissemination of the internal control system

Carmila's own internal control system and procedures are set down in "profession books" which include all the job descriptions, and procedures, and are available as collaborative tools (Internet, email, etc.) to ensure that the information can be accessed and shared rapidly. These "profession books" play a crucial role in the internal control process. They aim to streamline and standardise the information disseminated so procedures are secure and durable across all of the Carmila Group's business lines and teams.

In addition new employees receive the ethical principles and are given a booklet on information security and a booklet on anti-corruption and conflict of interest policy during an induction day which goal is to make new arrivals aware of the Group's internal procedures.

This information is also disseminated to the Carrefour group's employees in the functions subcontracted under the Service Agreement.

5.4.2.5 Publication of and compliance with Carmila's ethical values

Carmila has established a code of professional conduct consistent with the values and directives of the Carrefour group. An Ethics Committee has been established to guarantee the fundamental principles defined in the Carrefour group's Professional Code of Conduct which are articulated around:

- individual and collective integrity;
- the confidentiality of information;
- whistleblowing;
- the respect for diversity;
- the Group's social and environmental responsibility;
- behaviour at work;
- transparency in business relationships.

This Ethics committee is a joint committee between Carrefour Property and Carmila. It is composed of six members taken equally from the Executive Committees of both companies. It meets at least twice a year in order to:

- ensure the ethical principles are published and that the conditions are in place to ensure employees are familiar with them, understand them, share them and comply with them;
- discuss and implement an action plan on the main ethical issues affecting each country or business with foresight and broad view of the issues;
- organise a whistle-blowing procedure and ensuring that it operates effectively;
- advise directors on any issue relating to the application of or compliance with the Group's ethical principles;
- ensure that whistle-blowing is treated independently in full compliance with the law;
- monitor and regularly assess the effectiveness of the system on the basis of indicators and regular reporting in particular.

A practical guide to the ethical principles is also handed to all the Group's employees. Each employee is expected to be familiar with this guide, comply with it and make sure it is complied with in all circumstances. This guide is also disseminated to all the employees of the Carrefour group including the teams who work for Carmila in the context of the service agreements between the two companies. The practical guide to ethical principles is given to each new employee on arrival.

5.4.2.6 The fight against corruption and money-laundering

Carmila is integrated into the whistle-blowing system implemented by the Carrefour group to flag breaches of ethical principles, particularly concerning corruption and conflicts of interest. The confidentiality of the information is guaranteed at all stages of the whistleblowing process.

Carmila's anti-corruption and money laundering system is based on the Carrefour group's charter incorporating the law of 9 December 2016 on transparency, the fight against corruption and the modernisation of the economy (the Sapin II law) and the Order of 1 December 2016 which toughens French anti-money laundering and terrorist financing legislation.

An anti-corruption and influence-peddling policy has been defined and presented to the human resources representative bodies in France. This document was incorporated into the internal rules of Carmila and Carrefour Property economic and social union.

The risks of influence-peddling and corruption have been mapped. On this basis, a training programme has been developed for the French employees most exposed to these risks. This training programme uses illustrated communication tools with targeted examples for the populations concerned.

Each employee of the Group must also annually sign a certificate of independence aimed at limiting and managing conflicts of interest.

5.4.2.7 Protection of personal data

Carmila has acted in anticipation of the General Regulation on Data Protection (2016/679/EU) (GRPD) which is applicable since 25 May 2018. The Bensoussan law firm performed a diagnosis during 2017 to measure the level of compliance with the GRDP, to recommend a data protection and freedom of information organisation, identify corrective measures and establish a compliance plan. The plan was established in collaboration with Carrefour group. A Data Protection and Freedom of Information Officer was designated and a steering committees established.

The Carmila officer reports functionally to the Data Protection Officer appointed at Carrefour Group level, whose duties are 1) to inform and advise the Group on RGPD 2) to monitor compliance 3) to act as an interface with the Government Body in charge.

5.4.2.8 Stock Market Ethics and Insider Trading

A Stock Market Code of Ethics has been adopted by the Carmila Group and disseminated to all holders of sensitive and/or privileged information (Board of Directors, Executive Management, and key employees) in order to fight and prevent the risk of insider trading. This Code of Ethics sets out the restrictive periods preceding the publication of quarterly and annual revenues and half yearly and annual results during which the Carmila Group generally refrains from any contact with the financial community. A black-out period calendar is fix by the Board of Carmila every year.

The purpose of the Group's financial communication policy is to ensure that relevant, exact and genuine information is published appropriately so that the same information is available to everyone at the same time.

5.4.3 Critical activities for operational internal control

The control activities are aimed at ensuring the proper implementation of internal control procedures so that the risks associated with the Group's important operations are managed.

5.4.3.1 Capital expenditure authorisations for investment properties

The purpose of the Renovation and Development Agreement between the Carmila Group and the Carrefour group is to create a partnership between the two groups to implement a strategy in France, Spain and Italy to strengthen the appeal and optimise the value of the assets. For a description of the Renovation and Development Agreement see Section 5.1.5.3 "Principal agreement with Carrefour group entities of this document".

Within this framework, capital expenditure projects are subject to an approval procedure which firstly aims to ensure that they conform to the Group's strategic priorities and profitability criteria, and secondly to coordinate the development processes between the two groups and align both partners' interests. This approval procedure is based on technical, tax, legal, financial and environmental studies.

As set forth in Carmila's governance, the Executive Management's investment proposals must receive a favorable recommendation from the Strategic and Investment Committee and then an approval from the Board of Directors for projects exceeding capital expenditure of €15 million.

In addition, the Carrefour group's Investment Committee validates any real estate capital expenditures in which Carrefour's bears more than €3 million.

5.4.3.2 Management of renovation and development projects

Under the terms of the Renovation and Development Agreement agreed with the Carrefour group, both parties undertake to pay equally (50/50) for renovation and development works.

In addition, CPF Asset Management, a subsidiary of Carrefour Property France, acts as project manager under project management delegation agreements signed for each project.

The approval procedure for these projects is described above (see Section 5.4.3.1 "Capital expenditure authorisations for investment properties").

5.4.3.3 Lease management

Carmila has contracted with Carrefour group subsidiaries to perform lease management and property management for all its countries, France, Spain and Italy. Daily management is thus delegated to a team complying with the management procedures and rules set by the Carrefour group, in particular those for invoicing and for tenant rent collection. This process is also based on the dedicated lease and property management IT tools and applications developed for or by the Carrefour group.

5.4.3.4 Letting activities

Letting is performed by a dedicated in-house teams. A compliance guide detailing the procedures to be followed is available for new and existing employees.

Regular monitoring of the sales and marketing initiatives undertaken is led between the sales and operational departments which also enables the Group's performance to be measured in terms of indicators based on revenues, footfall and vacancy rates. An annual sales and letting plan is drawn up for each site, with the approval of the Asset Management Director and is regularly updated in accordance with changes on the site. This action plan enables the rental grid to be reviewed to identify priority shopping units, with, in order of priority, vacant lots, renewals and terminations. It is incorporated into the annual budget approved by the Company's Board of Directors which then uses it to monitor the Company's business during the year.

5.4.3.5 Maintenance and safety of assets

Carrefour Property's teams regularly monitor the upkeep, maintenance and safety of assets under the lease management and property management contracts. This monitoring is reflected in particular by the implementation of a system which describes the safety compliance procedures on each of the Group's sites.

When acquisitions are made, Carmila's and Carrefour Property's teams will include the new assets in Carrefour group's insurance policy.

5.4.3.6 Crisis management

Carmila and Carrefour group have set up a joint crisis management procedure to ensure that the actions and communications in response to a major crisis affecting one of their shopping centres are consistent. A hotline which is common to both groups is available to all their employees which enables coordinated action and the consistent dissemination of information to all the players concerned.

5.4.4 The preparation and processing of accounting and financial informations

5.4.4.1 Organisation of the financial function

Internal accounting and financial control is mainly aimed to ensure:

- that the accounting information published complies with accounting policies;
- that the instructions and guidelines set by the Executive Management are applied;
- that fraud and accounting and financing regularities are prevented and detected;
- the presentation and reliability of the financial information published.

The risks involved with producing accounting and financial information can result from the accounting treatment of two categories of transactions:

- current transactions, for which the control systems must be positioned as close as possible to the effective transactions;
- sensitive transactions which may have a significant impact on the financial statements.

Carmila's Financial Department is responsible for identifying the risks which affect the preparation of financial and accounting information and for taking the necessary measures to adapt the internal control system.

Carmila relies on the Carrefour group under the Service Agreements which include accounting, tax and legal. The Company therefore relies on the centralised teams with an organisational model of shared service centres (CSP) using standardised documents and procedures allowing proper segragation of duties between execution and control.

The consolidation of Carmila Group accounts is performed internally by a specialised team.

The property portfolio is valued when preparing the accounting and financial information using real estate appraisals performed by independent appraisors using recognised methods.

5.4.4.2 Operating process

The Financial Department is responsible for gathering operational, financial and accounting information in order to prepare the activity reports and the annual, half yearly, quarterly and monthly regulatory information reports, where appropriate. It therefore coordinates and supervises the actions of service providers in order to prepare these reports.

The financial statements are prepared within the stipulated deadlines, in accordance with the applicable legislation and accounting standards.

The Group's accounting policies are defined in a document which is regularly updated and disseminated to all those involved in the process[(1)].

Consolidated financial statements are prepared in accordance with a detailed schedule and instructions to comply with the accounting deadlines and standards.

The Group's Financial Department performs the following main controls when consolidating the accounts:

- the analysis and justification of the changes in consolidation scope in order to verify the correct accounting method;
- the analysis and justification of consolidation adjustments.

The annual financial statements are audited by the Statutory Auditors. However, the half yearly IFRS financial information is subject to a limited examination. The Financial Department coordinates the work with the Statutory Auditors. The Financial and accounting information is reviewed and tested by the Statutory Auditors and presented to the Group's Audit Committee and then to the Board of Directors.

The Financial Department verifies the completeness and the consistency of the Company's financial and accounting information, in particular by:

- controlling each stage of its production;
- monitoring internal reporting and analysing the differences with the budget approved by the Board of Directors.

Furthermore, regarding internal control, the General Secretary is in particular responsible for:

- participating in communication activities vis-a-vis investors and the financial markets (press releases, website management etc.);
- supervising delegated functions;
- selecting internal audits assignments within the Company;
- ensuring that the Company complies with its regulatory obligations particularly concerning tax and equity market regulations;
- informing the Audit Committee of the result of its internal audit assignments.

5.4.4.3 Financial communication

The information collected and then published follows a process which guarantees the reliability and authenticity of the data. The purpose of financial communication is to inform continuously. Its purpose is to convey a clear, coherent message to enable investors to acquire an exact and precise understanding of the Company's value and its strategy. Therefore, the information is reviewed for consistency and cross-checked jointly with the Statutory Auditors before it is published.

Different channels are used to publish the financial information to the public:

- Universal Registration Document;
- half yearly press releases;
- half-yearly financial reports;
- shareholders' meeting;
- quarterly press releases on the Group's business and revenues; and
- regulated information.

5.4.5 Monitoring financial risks connected with the effects of climate change

Article L. 225-100-1 I 4° of the French Commercial Code as amended by the Order no. 2017-1162 of 12 July 2017, covering measures to simplify and clarify corporate information obligations, stipulates that the Group must report "on the financial risks connected to the effects of climate change and the measures which the Company is taking to reduce them by implementing a low carbon strategy in all the parts of its business".

Sections 5.2 and 4 of this document on the risk factors and the societal, social and environmental information include all information required by law and can be summarised as follows:

- climate change may financially impact the Carmila Group's business for example: though increased insurance premiums, changes in construction methods or even the age of the sites;
- the Carmila Group is implementing initiatives to reduce energy consumption and thus minimise the carbon footprint of its sites, through the use of energy-efficient equipment, optimised insulation and the construction of bio-climatic buildings;
- the Group ensures compliance with construction and renovation standards during its development projects, in particular via the analysis of its flood risks prevention plan before any construction project;
- a computer database, implemented by an external service provider, enables diagnostics and monitoring of classified installations across all sites.

(1) Reference framework for the AMF's internal control and risk management mechanisms (Section IV 3.1.3 and 3.1.4).

5.5 Arbitration and judicial proceedings

In the ordinary course of its business, the Carmila Group is involved in administrative and judicial proceedings and is subject to administrative audits from time to time. The Carmila Group recognises provisions in its financial statements when, on the closing date, it has is subject to a current, legal or implied obligation as a result of a past event for which it is probable that an outflow will be necessary to settle the obligation, the amount of which can be reliably estimated. A description of the provisions for litigations at 31 December 2019 is included in Note 7.9 of Section 7.1 "Consolidated Financial Statements" of this document.

At the date of this document, to the Company's knowledge, there are no governmental, judicial or arbitral disputes or proceedings (including any proceedings, to Carmila's knowledge, that are pending or threatened) that could have or recently have had a material impact on the results or financial condition of Carmila and/or the Carmila Group.

5.6 Significant agreements

As of the date of this document, no agreement (other than agreements entered into in the ordinary course of business) containing provisions entailing an obligation or significant commitment on the part of any of the entities of the Carmila Group for the Group as a whole has been entered into by Carmila or any entity of the Carmila Group, with the exception of the agreements described in Section 5.1.5.3 "Principal Agreements with Carrefour group Entities", in Section 3.9 "Financial policy" and under the paragraph "Transactions with related parties" included in Section 7.1 "Consolidated Financial Statements 2018" of this document.

5.7 Research and development, patents and licenses

5.7.1 Research and development

The Carmila Group does not conduct research and development activities. However, it is constantly seeking innovative solutions as part of its digitalisation strategy. The Carmila Group has created an internal incubator programme dedicated to innovation and digital technology. Using digital tools (such as social networks, the digital customer experience and databases) developed in collaboration with the Carrefour group's teams, Carmilab has facilitated trials for multi-channel projects in numerous areas: CRM and data, relational, local and cross-channel marketing, new concepts and new businesses.

The Group does not hold any patents and therefore considers that it has no significant dependence on any trademarks, patents or licenses for the conduct of its business or its profitability.

5.7.2 Intellectual property

The Group's intellectual property rights consist mainly of rights to distinctive signs such as trademarks or domain names, in particular the semi-figurative brand of the European Union "Carmila", the figurative "M logo" brand and the semi-figurative "Cité Europe" brands, and domain names including, for example, the name "Carmila". These intellectual property rights are registered or are being registered in the countries where they are used by the Group, in order to protect them in a manner appropriate to the activities concerned.

These rights are mainly held by Carmila and, for certain distinctive brands, used only in connection with the activity of a shopping centre, by the entity of the Group managing that shopping centre.

6.

Gouvernance and capital

6.1 Corporate governance

6.1.1 Compliance with the Corporate Governance Code

The operating rules of the corporate governance bodies are governed by the relevant legal provisions, the Company's By-laws and the Internal Regulations established by the Board of Directors.

In particular, the Internal Regulations specify the procedures for meetings of the Board of Directors, the powers of the Board of Directors supplemental to the legal and statutory provisions applicable to the Company and, additionally, they cover the creation of the roles and assignments of the various Committees of the Board of Directors.

The Company refers to the AFEP-MEDEF Code of Corporate Governance (AFEP-MEDEF Code), revised in January 2020. This AFEP-MEDEF Code may be consulted at the Company's registered office and on the MEDEF and AFEP websites at www.medef.com and www.afep.com, respectively.

The Board of Directors ensures that the Internal Regulations are submitted for regular review so that they may be adapted to incorporate changes in corporate governance rules and best practice.

6.1.2 The composition of the Board of Directors and conditions for preparing and organising its work

6.1.2.1 Composition of the Board of Directors and its Committees and changes in the course of the financial year ending 31 December 2019

Composition of the Board of Directors and its Committees at 31 December 2019

The Board of Directors must have at least three and at most eighteen members, in accordance with the Bylaws in force. At 31 December 2019, the Board of Directors was made up of fourteen (14) Directors including one (1) Lead Independent Director and two (2) Non-Voting Directors.

The duration of a Director's term of office is four years, however, it should be noted that in order that the Board of Directors may be renewed each year by rotation, in accordance with the recommendations of the AFEP-MEDEF Code, the Shareholders' Meeting may designate one or several Directors for a different duration not exceeding four years.

The table below shows the composition of the Company's Board of Directors as of 31 December 2019:

Member of the Board of Directors	Gender	Nationality	Age	indepen-dence	Date of first appointment	Start date of current term of office	End of term[1]	Length of service on the Board	Number of shares held	Presence in committees
Alexandre de Palmas CEO	M	France	45 years	No	26/06/2019	01/07/2019	31/12/2020	6 months	9,032[2]	CSR[3] SIC
Sogecap (rep. by Yann Briand) Director	M	France	45 years	Yes	12/06/2017	12/06/2017	31/12/2020	30 months	7,759,603	AC
Predica (rep. by Emmanuel Chabas) Director	M	France	43 years	Yes	12/06/2017	12/06/2017	31/12/2020	30 months	12,564,212	SIC
Marie Cheval Director	F	France	45 years	No	03/10/2017	03/10/2017	31/12/2019	27 months	1,000	SIC
SIC AXA REIM France (rep. by Amal Del Monaco) Director	F	Spain	46 years	Yes	12/06/2017	12/06/2017	31/12/2020	30 months	5,835,926	CNC
Séverine Farjon Director	F	France	45 years	Yes	20/05/2015	16/05/2019	31/12/2022	55 months	1,001	CNC (Chairwoman) CSR[3] (Chairwoman)
Maria Garrido Director	F	Spain	46 years	Yes	16/05/2018	16/05/2018	31/12/2021	19 months	1,000	AC CSR[3]
Olivier Lecomte Lead Independent Director	M	France	54 years	Yes	12/06/2017	12/06/2017	31/12/2019	30 months	1,000	AC (Chairman) CNC
Laurent Luccioni Director	M	France	48 years	Yes	12/06/2017	12/06/2017	31/12/2019	30 months	1,020	_
Jérôme Nanty Director	M	France	58 years	No	03/04/2019	16/05/2019	31/12/2022	12 months	1 000	CNC
Claire Noël du Payrat Director	F	France	51 years	No	24/10/2018	16/05/2019	31/12/2022	14 months	1 000	AC
Nadra Moussalem Director	M	France	43 years	Yes	12/06/2017	12/06/2017	31/12/2019	30 months	1,000	SIC
Cardif Assurance Vie (rep. by Nathalie Robin) Director	F	France	57 years	Yes	12/06/2017	12/06/2017	31/12/2020	30 months	12,060,973	SIC (Chairman) CSR[3]
Laurent Vallée Director	M	France	49 years	No	04/09/2017	04/09/2017	31/12/2019	28 months	1,000	SIC CNC CSR[3]
Pedro Antonio Arias Non-voting director	M	France	49 years	-	12/06/2017	12/06/2017	31/12/2020	30 months	-	-
Laurent Fléchet Non-voting director	M	France	54 years	-	12/06/2017	12/06/2017	31/12/2020	30 months	-	-

AC: Audit Committee.
CNC: Compensation and Nominating Committee.
SIC = Strategic and Investment Committee.
CSR: CSR Commitee
(1) Annual Shareholders' Meeting called to approve the financial statements for the financial year ended.
(2) Mr. Alexandre de Palmas holds 10,132 shares of the Company, on the date of this Universal Registration Document.
(3): Member as from the Board of Directors meeting of April 2, 2020, which decided to create the CSR Committee.

Changes to the composition of the Board of Directors and its Committees in the course of the 2019 financial year

Changes to the composition of the Board of Directors and its Committees during the financial year are set out below.

	Departures	Appointments/co-optations	Renewals
Board of Directors	Francis Mauger (Director)[1] Mr. Jacques Ehrmann Francis Mauger (Non-voting director)	Jérôme Nanty Alexandre de Palmas Francis Mauger (Non-voting director)	Jérôme Nanty Séverine Farjon* Claire Noël Du Payrat
Audit Committee	-	-	-
Strategic and Investment Committee	Mr. Jacques Ehrmann Francis Mauger	Alexandre de Palmas Marie Cheval	-
Compensation and Nominating Committee	Marie Cheval	Jérôme Nanty	-

(1) Mr Francis Mauger had been a Director of the Company since 18 June 2012 and was co-opted as a non-voting director at the Board of Directors meeting on 3 April 2019, replacing Mr Frédéric Bôl who had resigned.
** Independent Director.*

Change in composition of the Board of Directors

At its meeting on 26 June 2019, on the recommendation of the Compensation and Nominating Committee, the Board of Directors appointed Mr Alexandre de Palmas as CEO of the Company following his co-optation as Director to replace Mr Jacques Ehrmann. The term of office of Mr Alexandre de Palmas began on 1 July 2019, to cover the outstanding term of Mr Jacques Ehrmann, i.e. until the Ordinary Shareholders Meeting called to approve the financial statements for the financial year ended 31 December 2020. The Shareholder's Meeting called to approve the financial statements for the financial year ended on December 31, 2019 will be asked to vote that co-optation.

The General Shareholders' Meeting of 16 May 2019 also ratified the co-optation of Ms Claire Noël du Payrat as Director to replace Ms Raphaëlle Pezant, and Mr Jérôme Nanty as Director to replace Mr Francis Mauger, for the remainder of their terms, i.e. until the Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2018. At the same General Shareholders' Meeting a decision was taken to renew the terms of office of Ms Claire Noël du Payrat and Mr Jérôme Nanty, for a period of four (4) years, i.e. until the Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2022.

The General Shareholders' Meeting of 16 May 2019 also ratified the co-optation of Mr Francis Mauger as a Non-Voting Director to replace Mr Frédéric Bôl for the remainder of his term of office, *i.e.* Until the Ordinary Shareholders' Meeting called to approve the financial accounts for the financial year ending 31 December 2020. At its meeting on 23 October 2019, the Board of Directors noted the departure of Mr Francis Mauger, who had been co-opted as a non-voting director since the Board meeting on 3 April 2019, and who had since reached the upper age limit stipulated in the Company's Bylaws. He was not replaced.

Change in the composition of the Board of Directors' Specialist Committees

Following the change in the composition of the Board of Directors, at its meeting on 3 April 2019, and upon the recommendations of the Compensation and Nominating Committee, the Board reviewed the composition of the Specialist Committees of the Board of Directors.

Ms Marie Cheval resigned her position on the Compensation and Nominating Committee to join the Strategic and Investment Committee. Mr Jérôme Nanty joined the Compensation and Nominating Committee.

Mr Francis Mauger resigned his position on the Strategic and Investment Committee at the same time as his directorship.

Finally, upon his appointment, Mr Alexandre de Palmas joined the Strategic and Investment Committee to replace Mr Jacques Ehrmann.

During its meeting of April 2, 2020, the Board of Directors decided to create a CSR Committee composed of five members: Séverine Farjon (Committee Chairwoman), Maria Garrido, Nathalie Robin, Laurent Vallée and Alexandre de Palmas. The CSR Committee's duties are described in section 6.1.2.4 of the present Universal Registration Document.

Balance of the Board of Directors

On the recommendations of the Compensation and Nominating Committee, at its meeting of 2 April 2020, the Board of Directors analysed its composition and procedures so as to ensure a balance in terms of the diversity of skills, professional experience, representation of each sex and age of Directors in the propositions required by law. Indeed, in accordance with the AFEP-MEDEF code, the Board expressed its position on the diversity policy applied to the members of the Board.

Diversity Policy as applied to the Board of Directors

The diversity policy applied by the Board of Directors for the 2019 financial year aims to ensure a composition that reflects the Company's stakeholders (partner networks, shareholders) but also to ensure a good balance and fair distribution of experiences, qualifications, cultures, ages, nationalities and seniority, in line with the Company's needs.

This policy also promotes an inclusive working environment that respects ethnic diversity and gender equality, as detailed in the Company's professional code of conduct. It also includes a requirement for gender balance on the Board and its Committees. With a rate above the legal requirements, of the Board's fourteen (14) Directors, six (6) are women, that is 43%. As on 31 December 2019, each Committee has two women among its members and two of the three Committees are chaired by women. During its meeting of 2 April 2020, the Board of Directors, on the recommendation of the compensation and nominating Committee, decided to create a CSR Committee, composed of five members, three of whom are women. This Committee will be chaired by a woman.

The diversity policy also takes into account the varied and complementary skills of Directors. Some have strategic skills and others financial skills or more specific skills (expertise in the real estate sector, digital marketing, asset management, legal, management experience). The range and complementary nature of experiences and expertise of members of the Board allows a fast and in-depth understanding of the issues around the Company's development as well as high-quality decision making.

Biographies of Directors

Under the Company's Internal Regulations, acceptance of a position as director involves an undertaking to comply with the ethics rules set out in the AFEP-MEDEF Code and, in particular, not to take on more than four (4) other positions as director in listed companies, including foreign ones, outside the Group.

Each director must (i) prior to his appointment, provide the Chairman of the Board with a complete and detailed list of Director positions as director and executive or other posts held with any business entity, (ii) immediately inform the Chairman of the Board of any modification to the aforesaid list that may take place during his term of office.

The Board of Directors has not been asked by an executive corporate officer to approve a new corporate office in a listed company in the course of the financial year.

The main terms of office and positions held by the aforesaid Directors of Carmila, during the last five years, are as follows:

Alexandre de Palmas

MAIN POSITION IN THE COMPANY

Chairman and CEO and member of the strategic and investment Committee of Carmila
Member of the CSR Committee since April 2, 2020

MAIN POSITION OUTSIDE THE COMPANY

Executive Director for Convenience and Cash & Carry, Carrefour France

MAIN AREAS OF EXPERTISE AND EXPERIENCE

Alexandre de Palmas is 45 years old and a graduate of Science Po and ENA. He began his career as a statutory auditor in 2001 before becoming an advisor to the Minister for Youth and Sport. In 2006 he became CEO of Casino Développement, a structure within the Casino Group responsible for research and expansion in France. He went on to become CEO of Clear Channel until 2013, restructuring it and making it the French leader in digital displays. In 2013, he became the CEO of Madrigall, the parent company of the Gallimard-Flammarion group to take on the challenge of digital books. In 2015, he became Chief Executive Officer of Concession Catering in France and Northern Europe at Elior. His remit includes developing the profitable growth of this business by conquering new markets, in existing countries and new regions in Northern Europe. Appointed in August 2018 as Carrefour's Executive Director for Convenience and Cash & Carry, since July 2019 he has also been Chairman and CEO of Carmila.

MAIN TERMS OF OFFICE AND POSITIONS HELD OUTSIDE THE COMPANY IN THE LAST FIVE YEARS

Offices and positions held at 31 December 2019:

Listed companies

- Executive Director for Convenience and Cash & Carry, Carrefour (France)

Unlisted companies

- Director of France Télévisions (France)
- Manager of SOVAL (France)
- Chairman of Convenience and Cash & Carry, Carrefour (France)
- Representative of Carrefour France on the Strategic Committee of Lulu dans ma rue (France)

Offices and positions held and expired over the past five years:

- Director, Chairman and CEO of SOFIDIM (France)
- Chairman of GENEDIS (France)

Yann BRIAND, representative of SOGECAP

MAIN POSITION IN THE COMPANY

Director and member of the audit Committee

MAIN POSITION OUTSIDE THE COMPANY

Real Estate Director of Sogecap

MAIN AREAS OF EXPERTISE AND EXPERIENCE

Yann Briand holds a Master's degree in Urban Planning and Management (Paris IV) and a degree in Corporate Real Estate (Paris I). Since 1999, he has worked at Arthur Andersen, General Electric, Catella and Société Générale in investments, expert advice and consulting. Since 2014, he has been Real Estate Director of Sogecap in charge of investment activities and asset management.

MAIN TERMS OF OFFICE AND POSITIONS HELD OUTSIDE THE COMPANY IN THE LAST FIVE YEARS

Offices and positions held at 31 December 2019:

Listed companies

- Director of Covivio Hôtels (France)
- Director, Chairman of the Nominations and Remuneration Committee and member of the Investment Committee of Frey (France)

Unlisted companies

- Real Estate Director of Sogecap
- Director of Oradea Vie (France)
- Director of Sogelife (Luxembourg)
- Director of Marocaine Vie (Morocco)
- Director of BG 1 SA (Luxembourg)
- Director of SPPICAV Oteli (France)
- Director of the Strategic Investment Fund (France)
- Director of SAS Orientex Holdings (France)
- Chairman of SGI Holdings SIS (France)
- Manager of real estate investment companies Sogevimmo, Pierre Patrimoine, Sogepierre, Château Mazeyres Pomerol, SGI Immo 1, SGI Healthcare, SGI Immo 3, SGA Immo 5, SGA 48-56 Desmoulins, SGI 1-5 Astorg, SGI 10-16 Ville l'Evèque, SGI Caen, SGI Villette, SGI Visitation, SGI Kosmo, 89 Grande Armée, Massy 30 avenue Carnot et 83-85 Grande Armée

Offices and positions held and expired over the past five years:

- Director of Sogecap Liban
- Director of Carmila S.A.S

Emmanuel CHABAS, representative of PREDICA

MAIN POSITION IN THE COMPANY

Director, member of the strategic and investment Committee

MAIN POSITION OUTSIDE THE COMPANY

Head of Real Estate Investment at Crédit Agricole Assurances

MAIN AREAS OF EXPERTISE AND EXPERIENCE

Emmanuel Chabas holds a degree from the ESSEC. He began his career in internal controls management and internal audit at BNP Paribas in 2001. He then joined BNP Paribas Cardif in 2006 as manager of real estate acquisitions. Since September 2015, he has been Manager of Real Estate Investments at Crédit Agricole Assurances.

MAIN TERMS OF OFFICE AND POSITIONS HELD OUTSIDE THE COMPANY IN THE LAST FIVE YEARS

Offices and positions held at 31 December 2019:

Listed companies

- Member of the Supervisory Board of Covivio Hôtels (France)
- Non-voting director on the Supervisory Board of Argan (France)
- Member of the Board of Directors and the Compensation and Nominating Committee of ICADE (France)

Unlisted companies

- Head of Real Estate Investment at Crédit Agricole Assurances
- Member of the Supervisory Board and Shareholders' Meeting of Covivio Immobilien
- Member of the Board of Directors of Central
- Member of the Board of Directors and of the Audit Committee of AccordInvest Group
- Member of the Board of Directors of Camp Invest OPPCI
- Member of the Board of Directors of Iris Invest OPPCI
- Chairman & CEO, director and representative of Predica on the Board of Directors of Foncière Hypersud
- Director of OPPCI B2 Hotel Invest
- Member of the Supervisory Board and permanent representative of Predica on the Board of SCPI Unipierre Assurance
- Director of Météore Italy SRL
- Director of Météore Alcala
- Manager of SCI IMEFA 1, SCI IMEFA 2, SCI IMEFA 3, SCI IMEFA 4, SCI IMEFA 5, SCI IMEFA 6, SCI IMEFA 8, SCI IMEFA 9, SCI IMEFA 10, SCI IMEFA 11, SCI IMEFA 12, SCI IMEFA 13, SCI IMEFA 16, SCI IMEFA 17, SCI IMEFA 18, SCI IMEFA 20, SCI IMEFA 22, SCI IMEFA 25, SCI IMEFA 32, SCI IMEFA 33, SCI IMEFA 34, SCI IMEFA 35, SCI IMEFA 36, SCI IMEFA 37, SCI IMEFA 38, SCI IMEFA 39, SCI IMEFA 42, SCI IMEFA 43, SCI IMEFA 44, SCI IMEFA 45, SCI IMEFA 47, SCI IMEFA 48, SCI IMEFA 49, SCI IMEFA 50, SCI IMEFA 51, SCI IMEFA 52, SCI IMEFA 53, SCI IMEFA 54, SCI IMEFA 57, SCI IMEFA 58, SCI IMEFA 60, SCI IMEFA 61, SCI IMEFA 62, SCI IMEFA 63, SCI IMEFA 64, SCI IMEFA 66, SCI IMEFA 67, SCI IMEFA 68, SCI IMEFA 69, SCI IMEFA 72, SCI IMEFA 73, SCI IMEFA 74, SCI IMEFA 76, SCI IMEFA 77, SCI IMEFA 78, SCI IMEFA 79, SCI IMEFA 80, SCI IMEFA 81, SCI IMEFA 82, SCI IMEFA 83, SCI IMEFA 84, SCI IMEFA 85, SCI IMEFA 89, SCI IMEFA 91, SCI IMEFA 92, SCI MEFA 96, SCI IMEFA 100, SCI IMEFA 101, SCI IMEFA 102, SCI IMEFA 103, SCI IMEFA 104, SCI IMEFA 105, SCI IMEFA 107, SCI IMEFA 108, SCI IMEFA 109, SCI IMEFA 110, SCI IMEFA 112, SCI IMEFA 113, SCI IMEFA 115, SCI IMEFA 116, SCI IMEFA 117, SCI IMEFA 118, SCI IMEFA 120, SCI IMEFA 121, SCI IMEFA 122, SCI IMEFA 123, SCI IMEFA 126, SCI IMEFA 128, SCI IMEFA 129, SCI IMEFA 131, SCI IMEFA 132, SCI IMEFA 140, SCI IMEFA 148, SCI IMEFA 149, SCI IMEFA 150, SCI IMEFA 155, SCI Lyon Tony Garnier, SCI Villeurbanne La Soie Ilot H, SCI IMEFA 158, SCI IMEFA 159, SCI IMEFA 161, SCI IMEFA 162, SCI IMEFA 163, SCI IMEFA 164, SCI IMEFA 165, SCI HDP Bureaux, SCI HDP Hotel, SCI HDP La Halle, SCI IMEFA 169, SCI IMEFA 170, SCI IMEFA 171, SCI IMEFA 172, SCI IMEFA 173, SCI IMEFA 174, SCI IMEFA 175, SCI IMEFA 176, SCI IMEFA 177, SCI IMEFA 178, SCI IMEFA 179, SCI IMEFA 180, SCI IMEFA 181, SCI IMEFA 182, SCI IMEFA 183, SCI IMEFA 184, SCI IMEFA 185, SCI IMEFA 186, SCI IMEFA 187, SCI IMEFA 188, SCI IMEFA 189, SCI IMEFA 190, SCI IMEFA 192, SCI IMEFA 193, SCI IMEFA 194, SCI IMEFA 195, SCI IMEFA 196, SCI SPIRICA BOISSEAU, SCI IMEFA 198, SCI IMEFA 199, SCI IMEFA 201, SCI IMEFA 202, SCI IMEFA 203, SCI IMEFA 204, SCI IMEFA 205, SCI IMEFA 206, SCI IMEFA 207, SCI IMEFA 208, SCI IMEFA 209, SCI IMEFA 210, SCI IMEFA 211, SCI IMEFA 212, SCI Dahlia, SCI Fédérale Pereire Victoire, SCI Federlog, SCI Feder Londres, SCI Fédérale Villiers, SCI Grenier Vellefaux, SCI Medibureaux, SCI Medic Habitation, SCI Vicq d'Azir Vellefaux, SCI Vicq Neuilly, SCI Federpierre, SCI Longchamp Montevideo, SCI Federpierre Michal, SCI Ferderpierre Caulaincourt, SCI Ferderpierre Université, SCI Ferderpierre Capucines, SCI 1-3 Place Valhubert, SCI Village Victor Hugo
- Chairman of Resico
- Chairman of CA Residence Seniors
- Chairman of the Partnership Committee of Iris Holding France
- Chairman of the Partnership Committee and Member of the Board of Directors of SCI Holding Dahlia
- Chairman of SAS Holding Euromarseille
- Manager of SCI DS Campus
- Manager of SCI New Vélizy
- Member of the Board of Directors of Alta Blue
- Permanent representative of Predica of OPCI CAA Commerces 2
- Permanent representative of Predica on the Board of Directors of OPCI Predica Bureaux
- Chairman of SAS 59-61 Rue Lafayette
- Director and Chairman of the Board of Directors of OPCI Predica Commerces
- Director and Chairman of the Board of Directors of OPCI ECO CAMPUS
- Chairman of SAS 81-91 Rue Falguière
- Director and Chairman of the Board of Directors of OPCI Messidor
- Member of the Strategic Committee of Heart of La Défense
- Representative of Predica on the Advisory Committee of the Ardian Fund
- Permanent representative on the Supervisory Board of SAS Preim Healthcare
- Representative of Predica de SCI Frey Retail Villebon
- Member of the Icade Santé Oversight Committee
- Director of OPCI Lapillus 1
- Member of the Real Estate Committee of FFA
- Member of the Supervisory Board and of the Audit Committee of Patrimoine et Commerce
- Director of OPCI ICADE HEALTHCARE EUROPE

Offices and positions held and expired over the past five years:

- Director of Foncière Développement Logements
- Chairman of SAS Francimmo Hotel
- Manager of SCI Montparnasse Cotentin
- Director of Météore Greece SA
- Director of Siltel SA
- Member of the Strategic Committee of Foncière des Murs Management
- Director of Carmila S.A.S

Marie CHEVAL

MAIN POSITION IN THE COMPANY

Director and member of the strategic and investment Committee

MAIN POSITION OUTSIDE THE COMPANY

Executive Director of Hypermarchés Carrefour France

MAIN AREAS OF EXPERTISE AND EXPERIENCE

Marie Cheval is a graduate of the Paris Institute of Political Studies (Sciences Po) and a former student of the École nationale d'administration (National School of Business). Marie Cheval joined the French Inspectorate-General of Finance in 1999. Between 2002 and 2011 she held a number of positions within the La Poste Group: Director of Financial Services Strategy for La Poste and later for La Banque Postal; Marketing and Sales Director (2006-2009) then Director of Operations at La Banque Postale (2009-2011). In 2011, Marie Cheval joined the Société Générale Group as Director of Global Transactions and Payment Services. In 2013 she became Managing Director of Boursorama. Marie Cheval joined the Carrefour group on 2 October 2017 and was appointed Executive Director of Customers, Services and Digital Transformation. Since September 2018, she has been Executive Director of Hypermarchés France.

MAIN TERMS OF OFFICE AND POSITIONS HELD OUTSIDE THE COMPANY IN THE LAST FIVE YEARS

Offices and positions held at 31 December 2019:

Listed companies

- Director of Laurent Perrier (France)
- Director of Groupe M6 (France)

Unlisted companies

- Executive Director of Hypermarchés Carrefour France
- Director of Carrefour Banque
- Director of Market Pay

Offices and positions held and expired over the past five years:

- Director of FNAC Darty (France)
- Director of SRP Groupe (France)
- Director of Boursorama
- Director of Sogecap
- Director of Visa Europe
- Chairwoman of the Supervisory Board of OnVista Bank GmBH
- Member of the Supervisory Board of OnVista (Holding) AG
- Chairwoman of the Board of Directors of SelfBank
- Chairwoman of the Board of Directors of Talos Holding
- Chairwoman of Carrefour Omnical
- Chairwoman of Digital Media Shopper

Amal DEL MONACO, representative of AXA REIM FRANCE

MAIN POSITION IN THE COMPANY

Director and member of the Compensation and Nominating Committee

MAIN POSITION OUTSIDE THE COMPANY

Head of Sector Specialists at AXA IM – Real Assets

MAIN AREAS OF EXPERTISE AND EXPERIENCE

Amal Del Monaco is Head of Sector Specialists at AXA IM – Real Assets. She manages a centralised team of real estate specialists within the Asset Management & Development team. She is a member of AXA IM – Real Assets Global Leadership Group and Deputy CEO of AXA REIM France. Amal joined AXA IM – Real Assets in 1997 and has been a member of the fund management team since 2001. In 2007, she took charge of AXA France fund management before becoming Co-Head of AXA European Mandates, where she was responsible for managed mandates on behalf of the companies within the AXA Group until December 2017. Amal del Monaco hands-on over 20 years' experience in the real estate sector. A graduate of the University of Granada in 1996, she earned an MBA from the Institut Supérieur de Gestion in 1998. She is also a member of the Royal Institute of Chartered Surveyors.

MAIN TERMS OF OFFICE AND POSITIONS HELD OUTSIDE THE COMPANY IN THE LAST FIVE YEARS

Offices and positions held at 31 December 2019:

Listed companies

None.

Unlisted companies

- Head of Sector Specialists at AXA IM – Real Assets
- Deputy Chief Executive Officer of AXA REIM France (SA)
- Permanent representative of Axa France Vie in 1001 Vies Habitat (formerly Logement Français) (SA with Supervisory and Management Boards)
- Director of Harvitour Limited
- Director of Pan European Value Added Venture General Partner II SA

Offices and positions held and expired over the past five years:

- Director of Carmila SAS
- Director of Asgard Real Estate Private Equity Sarl (SARL Lux)
- Chairman of the Board of Directors of Vendôme Logistique (SPPICAV – SA)
- Chairman of the Board of Directors of Vendôme Immobilier Commercial (SPPICAV – SA)
- Chairman of the Board of Directors of Agipopci (SPPICAV – SA)
- Member of the Supervisory Board of Axa Selectiv'Immoservice (SPPICAV – SAS)
- Director of AXA Real Estate Investment Managers Belgium
- Director of Marsheg 1 BV (Netherlands)
- Director of Etten Leur Logistics Investments BV Sàrl (Netherlands)
- Director of Coindupres BV (Netherlands)
- Director of Laflou BV (Netherlands)
- Director of Battlebelotte BV (Netherlands)
- Director of Cordelière 1 BV (Netherlands)
- Director of Cordelière 2 BV (Netherlands)
- Director of Cordelière 3 BV (Netherlands)
- Director of Tour du Sommeil BV (Netherlands)
- Director of SIR OP BV (Netherlands)
- Director of Lao BV (Netherlands)
- Director of 22 Bishopsgate B.V. (Netherlands)
- Director of Top 22 Bishopsgate B.V. (Netherlands)
- Director of 22 Bishopsgate General Partner Limited (UK)
- Director of Baylog Holding Limited (UK)
- Director of Dagenham BV (Netherlands)
- Director of Dagenham 2 BV (Netherlands)
- Director of Élysées Neuf BV (Netherlands)
- Director of Paktkohlestahlden BV (Netherlands)
- Director of Hamba BV (Netherlands)
- Director of Lama RE 1 BV (Netherlands)
- Director of Lama RE 2 BV (Netherlands)
- Director of Lama RE 3 BV (Netherlands)
- Director of Lama RE 4 BV (Netherlands)
- Director of Lama RE 5 BV (Netherlands)
- Director of Frasia Property (GP) Limited (UK)
- Director of Frasia Holdings SA (Luxembourg)
- Director of Onlyou SL (Spain)
- Director of Lindisfarne SL (Spain)
- Director of Olaen SL (Spain)
- Director of Riglos SL (Spain)
- Director of Zumaran SL (Spain)
- Director of Ouestia Holding SA (Luxembourg)
- Director of Ouestia Property GP Limited (UK)
- Chairman of the Board of Directors of Oteli France (SPPICAV – SA)
- Director of Grace Hotel Investment Sàrl (Luxembourg)

Séverine FARJON

MAIN POSITION IN THE COMPANY

Director and member of the compensation and nominating Committee

Chairwoman of the CSR Committee since April 2, 2020

MAIN POSITION OUTSIDE THE COMPANY

Chief Executive Officer of RAISE REIM

MAIN AREAS OF EXPERTISE AND EXPERIENCE

Séverine Farjon, a graduate of the Institut d'Études Politiques in Paris and SFAF (Société Française d'Analyse Financière), began her career in the financial analysis sector at Fortis Securities before joining the Natixis Group, where she participated in several capital transactions for listed property companies. From 2007 to 2009, she took on the responsibility of Orco's Investor Relations. In 2011, she joined Cofitem-Cofimur, which became, in 2013, Foncière de Paris, where she handled financial transactions and shareholder relations. Since January 2017, she has been involved in the creation of RAISE REIM, a management company specialising in the management of OPCI. She has also served as Chairwoman of Carré d'As since 2016.

MAIN TERMS OF OFFICE AND POSITIONS HELD OUTSIDE THE COMPANY IN THE LAST FIVE YEARS

Offices and positions held at 31 December 2019:

Listed companies

None.

Unlisted companies

- Chief Executive Officer of RAISE REIM
- Chairwoman of Carré d'AS

Offices and positions held and expired over the past five years:

None.

Maria GARRIDO

MAIN POSITION IN THE COMPANY

Director and member of the audit Committee

Member of the CSR Committee since April 2, 2020

MAIN POSITION OUTSIDE THE COMPANY

Senior Vice President Vivendi Marketing at the Vivendi Group

MAIN AREAS OF EXPERTISE AND EXPERIENCE

Maria Garrido is the Chief Insights Officer of the Havas Group leading a team of over 300 people in some forty countries across content and innovation. She manages consumer, brand and marketing studies, including Havas' proprietary Meaningful Brands® study. Maria was also recently appointed Senior Vice President- Brand Marketing for Vivendi, where she fosters synergies between the group's business units and is expanding the group's presence in the content marketing industry. Until recently, she also led the Innovation practice across the Havas Group, focusing on the exploration of Data Science, Future ecosystems and start-up partnerships, allowing for a more effective use of innovation expertise internally as well as providing value-added services that drive more meaningful impact on clients' businesses. Maria joined Havas in 2014 after 18 years of experience in North America, Latin America and Europe. She has held both operational and strategic marketing roles at various FMCG blue chips, such as Colgate Palmolive Co & Mondelez. Maria has spoken and many media and client events, most recently at Cartagena Inspira, Mumbrella Australia, Cannes Lions, South Summit, CubeX Mumbai and IBC 2018. She has also been a Media Jury member for Cristal Media Festival, Dubai Lynx, and Cannes Lions Festival.

MAIN TERMS OF OFFICE AND POSITIONS HELD OUTSIDE THE COMPANY IN THE LAST FIVE YEARS

Offices and positions held at 31 December 2019:

Listed companies

None.

Unlisted companies

- Senior Vice President Vivendi Marketing at the Vivendi Group
- Chief Insight Officer at Havas Group

Offices and positions held and expired over the past five years:

- Director of International Players from 2012 to 2015

Olivier LECOMTE

MAIN POSITION IN THE COMPANY

Lead Independent Director, Chairman of the audit Committee and member of the compensation and nominating Committee

MAIN AREAS OF EXPERTISE AND EXPERIENCE

Olivier Lecomte graduated from the École centrale Paris. He began his career as an investment banker in London and Paris, at Société Générale then Demachy, Worms & Cie. He went on to join the Unibail group where, from 1994 to 2002, he successively held the positions of Director of Development, Chair of Espace Expansion then Deputy CEO of the Group with responsibility for the Shopping Centres and Conventions and Exhibitions divisions. From 2010 to 2014, he presided over the Laboratoire Paris-Région Innovation (Paris Lab). He was also a director of the association Paris & Co. He is joint founder of a biotech start-up, Theravectys (a spin-off of the Pasteur Institute), Director of S.A. Ingénieurs de l'École Centrale des Arts et Manufactures, member of the Supervisory Committee and the Unit overseeing serious adverse reactions at the Robert-Debré Hospital, member of the Steering Committee of the integrated cancer research site (SIRIC) at the Institut Gustave Roussy, and a member of the Digital Council of the CEO for Assistance Publique – Hôpitaux de Paris, and, since 2003, a professor at l'École centrale Paris.

MAIN TERMS OF OFFICE AND POSITIONS HELD OUTSIDE THE COMPANY IN THE LAST FIVE YEARS

Offices and positions held at 31 December 2019:

Listed companies

None.

Unlisted companies

- Director of S.A. Ingénieurs de l'Ecole Centrale des Arts et Manufactures
- Professor at l'École centrale de Paris
- Member of the Supervisory Committee and of the Unit overseeing serious adverse reactions at the Robert-Debré Hospital
- Member of the Steering Committee of SIRIC, SOCRATE/ Institut Gustave Roussy
- Member of the AP-HP Digital Committee
- Director of the association "Au chœur de la ville, la clé des champs"

Offices and positions held and expired over the past five years:

- Director of the Paris & Co association
- Director of Carmila S.A.S
- Chairman of Le Laboratoire Paris Region Innovation (Paris Lab)

Laurent LUCCIONI

MAIN POSITION IN THE COMPANY

Director

MAIN POSITION OUTSIDE THE COMPANY

Senior Consultant for Pimco Europe Ltd

MAIN AREAS OF EXPERTISE AND EXPERIENCE

Laurent Luccioni is a senior advisor and consultant for PIMCO Europe. Before 2020, he was managing director and portfolio manager at the PIMCO office in London where he led the European commercial real estate team. Before joining PIMCO in 2013, he was the European Chairman and CEO of MGPA, the real estate and private equity consulting arm of Macquarie. In addition, he has worked with Cherokee Investment Partners. He has 19 years of experience in the field of investing and financial services and holds an MBA from the Kellogg School of Management of Northwestern University and a PhD in civil and environmental engineering from the University of California Berkeley.

MAIN TERMS OF OFFICE AND POSITIONS HELD OUTSIDE THE COMPANY IN THE LAST FIVE YEARS

Offices and positions held at 31 December 2019:

Listed companies

- Director of Lar Espana Real Estate Socimi SA (listed company – Spain)

Unlisted companies

- Senior Consultant for PIMCO Europe Ltd

Offices and positions held and expired over the past five years:

- Member of the Supervisory Board of Echo Investment SA (Poland)
- Director of Carmila S.A.S
- Managing Director of PIMCO Europe Ltd

Jérôme NANTY

MAIN POSITION IN THE COMPANY

Director, member of the compensation and nominating Committee

MAIN POSITION OUTSIDE THE COMPANY

Executive Director of Carrefour Group and France Human Resources

MAIN AREAS OF EXPERTISE AND EXPERIENCE

Jérôme Nanty Is a graduate of the Institut d'études politiques de Paris and holds a master's degree in public law. He began his career in 1986 at Société Générale, before joining the capital markets division at Crédit Lyonnais in 1989, first as a bond markets operator and subsequently as a manager of a portfolio of bond issuers. In 1998, he joined the bank's Human Resources department as manager of employment policy and later labour relations. From 2001 to 2004, he served as Director of Labour and Social Relations for the Crédit Lyonnais group. From 2003 onwards, he held the same position at the Crédit Agricole group. As such, he was in charge of the labour aspect of the merger of Crédit Lyonnais with Crédit Agricole. He was appointed as Director of Human Resources at LCL in 2005 and at the Caisse des Dépôts group in 2008. From 2013 to 2016, he was General Secretary of the Transdev group. Since July 2016, he has served as General Secretary and Director of Human Resources of the Air France-KLM group. On 2 October 2017, Jérôme Nanty joined the Carrefour group as Executive Director for Human Resources for the Group and France. He will bring to Carmila's Board of Directors his expertise in Human Resources, and his knowledge of the Carrefour Group's social policy.

MAIN TERMS OF OFFICE AND POSITIONS HELD OUTSIDE THE COMPANY IN THE LAST FIVE YEARS

Offices and positions held at 31 December 2019:

Listed companies

- Director and member of the Human Resources Committee and Strategic Committee of Atacadão (Brazil)

Unlisted companies

- Member of the Supervisory Board of RATP DeV (France)
- Chairman of the Board of Directors of APGIS (France)
- Chairman of the Board of Directors of Carrefour Property Italia (Italy)
- Director of Carrefour Property España (Spain)
- Chairman of CRFP 8 (France)

Offices and positions held and expired over the past five years:

- Chairman of the Supervisory Board of SNCM (end of 2016)

Claire NOËL DU PAYRAT

MAIN POSITION IN THE COMPANY

Director and member of the audit Committee

MAIN POSITION OUTSIDE THE COMPANY

Director of Financial Control, Carrefour Group

MAIN AREAS OF EXPERTISE AND EXPERIENCE

Claire Noël du Payrat is a graduate of HEC. She began her career in 1993 as an Internal Auditor for the Savencia Group, before joining the Nestlé group in 1996 as Product Management Controller then Administrative and Financial Manager. From 2006 to 2008, she served as Management and Financial Control Director at Sagem Mobiles. She went on to join Veolia Environmental Services then Veolia Environnement where she became Financial Director of Environmental Services then Director of Group Management Control. Her term as a Director of Veolia Australia ended in April 2018. Since 2018, she has headed Carrefour Group's financial control division.

MAIN TERMS OF OFFICE AND POSITIONS HELD OUTSIDE THE COMPANY IN THE LAST FIVE YEARS

Offices and positions held at 31 December 2019:

Listed companies

- Director of Financial Control, Carrefour Group (France)
- Director and member of the Audit Committee of Atacadão (Brazil)

Unlisted companies

None.

Offices and positions held and expired over the past five years:

- Director of Veolia Australia
- Chairwoman of the association "Vivons solidaire"

Nadra MOUSSALEM

MAIN POSITION IN THE COMPANY

Director, member of the strategic and investment Committee

MAIN POSITION OUTSIDE THE COMPANY

Chief Executive Officer Europe at Colony Capital

MAIN AREAS OF EXPERTISE AND EXPERIENCE

Nadra Moussalem is a graduate of the École Centrale de Lyon with a Master in Information and Information Technology. Nadra Moussalem, Europe CEO of Colony NorthStar, is responsible for the identification, valuation, execution and monitoring of the Fund's European investments. Prior to joining Colony NorthStar in 2000, he worked in the Financial Engineering Department of AXA Conseil in Paris.

MAIN TERMS OF OFFICE AND POSITIONS HELD OUTSIDE THE COMPANY IN THE LAST FIVE YEARS

Offices and positions held at 31 December 2019:

Listed companies

None.

Unlisted companies

- Chairman of Colony Capital SAS
- Chairman of the board of directors of AccorInvest Group SA
- Representative of Colony Capital SAS, itself Chairman of EarlyBirdSAS
- Chairman of Colfilm SAS
- Chief Executive Officer of ColSpa SAS and Representative of Colony Capital SAS, itself chairman of ColSpa SAS
- Manager at ColEvreux SCI
- Manager at Colnîmes SARL
- Manager at ColNozay EURL
- Manager at Colnozay SCI
- Representative of Colony Capital on the Executive Management Board of ColAubergenville SCI
- Representative of Colony Capital SAS, itself Chairman of CFI NNN France Portfolio SAS
- Permanent representative of Colony Capital SAS as Chairman of Colquattro French Portfolio SAS
- Representative of Colony Capital SAS on the Executive Management Board of ColEden SCI
- Representative of Colony Capital SAS as Chairman of Colbravo SAS
- Representative of Colony Capital SAS, itself Chairman of ColMdB SAS
- Representative of Colony Capital SAS, itself manager of ColPower SCI
- Representative of Colony Capital SAS, itself Chairman of ColPowerSister SAS
- Representative of Colony Capital SAS, itself Chairman of ColPowerSister Holding SAS
- Representative of Colony Capital SAS, itself Chairman of ColPColPowerMother SAS
- Executive of Colyzeo Investment Management (UK)
- Executive of Colyzeo Investment Advisors Limited (UK)
- Chairman of Continental Property Investments SAS
- Manager of Financière et Foncière Alma Messine
- Manager of Reoc Issy
- Manager of Adductor France SARL
- Manager of Adductor International SARL
- Manager of Add Holding
- Manager of Rivesaltes Roissy SNC
- Manager of IDF Industries SARL
- Manager of Adductor CPI Arenas
- Chairman of Property Holding
- Manager of Villeneuve Sénart SNC
- Manager of Marbeau CPI
- Manager of Villa 5 CPI
- Manager of Pythagore Invest
- Manager of Colin SNC
- Manager of Latoison Duval SNC
- Manager of Hayet SNC
- Manager of IDF Industries SNC
- Manager of W9/Saint Quentin
- Manager of Sesame Investissements
- Manager of Binet SNC
- Manager of Lint SNC
- Manager of Lafayette 06
- Manager of Champs CPI
- Manager of IDF Industries Marne SNC
- Manager of Herblay CPI
- Sole Director of Global Confector SLU (Spain)
- Sole Director of Colprincesa Management SL (Spain)
- Sole Director of CPI Developments Spain 2009 SLU (Spain)
- Chairman of Continental Property Investments SAS, itself manager of:
  - SCI 18 rue Marbeau
  - AIX SPI
  - SOCIÉTÉ CIVILE IMMOBILIÈRE COLOMBUS CPI
  - Godard CPI
  - ILLKIRCH CPI
  - Investimmo CPI
  - Malakoff Investissements
  - OSIRIS INVEST
  - Pantin CPI
  - PLAINE TERSUD
  - Provence CPI
  - SPACE CPI
  - SOCIÉTÉ CIVILE IMMOBILIÈRE SPOK CPI
  - TERRA VEDA CPI
  - VICTORIA CPI
  - VICTORIA CPI 2
  - VILLEPINTE CPI
  - Chairman of Col Invest Italy (Italy)
  - Permanent representative of Colony Capital SAS, Italian subsidiary

Offices and positions held and expired over the past five years:

- Chairman and CEO of Edenred (SA) (France)
- Director of Distribuidora Internacional de Alimentacion (D.I.A.) (Spain)
- Director of ACCOR (SA) (France)
- Director of Carrefour (SA) (France)
- Director of Edenred (France)
- Manager of Data Genpar Sarl (Luxembourg)
- Chairman of Colkart SAS
- Permanent representative of Colony NorthStar SAS as Chairman of Colkart Investment Europe
- Chairman of Data IV Services – Held within Data 4 Group companies as corporate representative
- Chairman of Data IV France – held within Data 4 Group companies as corporate representative
- Chairman of DC 115 SAS
- Chairman of Holding Sports & Évènements
- Chairman of Collllkirch France
- Representative of Colony Capital SAS, itself Chairman of ColFields SAS
- Representative of Colony Capital on the Executive Management Board of CFI NNN PIAZZA SCI
- Sole Director of Global Graeca SLU
- Manager of FONCIÈRE PHOENIX MAC DONALD
- Director of Carmila SAS

Nathalie ROBIN, representative of CARDIF ASSURANCE VIE

MAIN POSITION IN THE COMPANY

Director and Chairwoman of the strategic and investment Committee

Member of the CSR Committee since April 2, 2020

MAIN POSITION OUTSIDE THE COMPANY

Real Estate Director of BNP Paribas Cardif

MAIN AREAS OF EXPERTISE AND EXPERIENCE

Nathalie Robin holds a DESS in real estate law (Paris II). From 1989 to 2001, she was the Real Estate Director at Natio Vie (Groupe BNP). Since 2001, she has been a Real Estate Director of BNP Paribas Cardif.

MAIN TERMS OF OFFICE AND POSITIONS HELD OUTSIDE THE COMPANY IN THE LAST FIVE YEARS

Offices and positions held at 31 December 2019:

Listed companies

- Member of the Supervisory Board and member of the Audit Committee of Covivio Hôtels (France)
- Director, member of the Investment Board and of the Audit Committee of Frey (France)

Unlisted companies

- Real Estate Director of BNP Paribas Cardif
- Member of the Supervisory Board of Covivio Immobilien
- Member of the Supervisory Board of Primonial Capimmo
- Member of the Supervisory Board of BNP Paribas REIM France
- Member of the Supervisory Board of Opéra Rendement
- Member of the Supervisory Board of France Investipierre
- Member of the Supervisory Board of Dauchez
- Director of AEW Immocommercial
- Member of the Supervisory Board at CFH
- Member of the Supervisory Board at Placement Ciloger 3
- Member of the Supervisory Board at FLI
- Member of the Icade Santé Oversight Committee
- Director of BNP Paribas Diversipierre
- Member of the Supervisory Board at Preim Healthcare
- Member of the Supervisory Board at Accès Valeur Pierre
- Member of the Supervisory Board of Hémisphère
- Member of the Supervisory Board of Plein Air Property Fund
- Member of the Supervisory Board of PWH
- Director of Powerhouse Habitat
- Member of the Supervisory Board of Certivia 2
- On the Board of Directors of Icade Healthcare Europe

Offices and positions held and expired over the past five years:

- Member of the Investment Committee of Covivio Hotels (ex Foncière des Murs) (France)
- Director of Carmila SAS
- Director, member of the Investment Committee and of the Compensation Committee of Foncière Développement Logements (France)
- Member of the Strategic Committee of Foncière des Murs Management
- Non-voting director at BNP Paribas REPM France

Laurent VALLÉE

MAIN POSITION IN THE COMPANY

Director, member of the strategic and investment Committee and of the compensation and nominating Committee
Member of the CSR Committee since April 2, 2020

MAIN POSITION OUTSIDE THE COMPANY

Secretary General of Carrefour

MAIN AREAS OF EXPERTISE AND EXPERIENCE

Laurent Vallée is a graduate of the ESSEC business school and of the Institute of Political Studies and was a former student at the École nationale d'administration (National School of Administration). He began his career in the French Council of State where he worked as Government Commissioner and was a Constitutional Adviser to the Secretary General of State. Between 2008 and 2010, he worked as a lawyer at Clifford Chance prior to his appointment, in April 2010, as Director of Civil Affairs for the French Ministry of Justice. Following a period working as Secretary General of the Canal+ Group between 2013 and 2015, from March 2015 he was Secretary General of the Constitutional Council. On 30 August 2017, he joined the Carrefour group as its Secretary General. He is in charge of the Legal Department, the Sustainable Development Department, the Public Affairs Department, the Audit Department and the Carrefour Foundation.

MAIN TERMS OF OFFICE AND POSITIONS HELD OUTSIDE THE COMPANY IN THE LAST FIVE YEARS

Offices and positions held at 31 December 2019:

Listed companies

- General Secretary of Carrefour (France)

Unlisted companies

- Permanent representative of Société d'Exploitation Amidis & Cie
- Director of SA Mestdagh (Belgium)
- Director of Carrefour SA Carrefour Sabanci ticaret merkezi a.ş (Turkey)
- Delegate General of the Carrefour Foundation
- Director of Carrefour China Fondation for food safety (HK)
- Permanent representative of Carrefour on the Board of Directors of the Foundation "Un Avenir Ensemble" (France).

Offices and positions held and expired over the past five years:

None.

6.1.2.2 Ethical rules applicable to Directors and Executive Management

Stock Market Ethics and Insider Trading

At its meeting on 2 April 2020, the Board of Directors adopted a Stock Market Ethics Code to ensure compliance with European Regulation n°596/2014 on market abuse which entered into force on 3 July 2016 and introduces measures applicable to listed companies and their executive corporate officers in respect of holding privileged information.

As members of the Company's Board of Directors or any of its Committees, or owing to their position within any of the Company's corporate shareholders, Directors must keep strictly confidential any sensitive and confidential information as well as any information qualified as privileged under the Regulation. They are also required to refrain from performing or attempting to perform any transactions relating to Company shares during "closed periods", particularly those defined each year in relation to the dates on which annual, half-yearly and quarterly financial reports are published.

Assessment of independence criteria for Directors

Under the Internal Regulations of the Board of Directors, it is its responsibility to carry out an annual review of the circumstances of each of its Directors in terms of their independence, based on the recommendations of the Compensation and Nominating Committee.

According to the AFEP-MEDEF Code, a director is independent when he or she has no relationship of any kind whatsoever with the Company, its group or its management that could compromise his/her exercise of independent judgement. Thus, the term "Independent Director" is understood to mean not only someone who is a non-executive director, namely someone who does not hold any management role in the Company or its group, but also someone who has no particular links of interest with the Company or its group (a significant shareholder, employee, etc.).

To classify a director as independent, the Board of Directors referred to the criteria set out by the AFEP-MEDEF Code, specifically:

- not being or having been, in the last five years:
  - an employee or executive corporate officer of the Company,
  - an employee, executive corporate officer or director of a company that is consolidated by the Company,
  - an employee, executive corporate officer or director of the parent company of the Company or of a company consolidated by the latter;
- not being an executive corporate officer of a company in which the Company holds, directly or indirectly, a Directorship or in which an employee, who is designated as a director or an executive corporate officer of the Company (either currently or in the last five years), holds a Directorship;
- not being a client, supplier, investment banker, corporate banker or adviser:
  - of material importance to the Company or its group,
  - or for which the Company or its group represents a material portion of business;
- not having any close family connection with a corporate officer;
- not having been a Statutory Auditor of the company within the last five years;
- not being a director of the Company for more than twelve years;
- not having received, as a non-executive corporate officer, variable compensation in cash or shares or any compensation related to the Company's performance;
- not representing a significant shareholder in the Company or its parent company. Directors representing significant shareholders in the Company or its parent company may be considered to be independent provided they do not have a controlling interest in the Company. However, beyond a threshold of 10% of the share capital or voting rights, based on a report by the Compensation and Nominating Committee, the Board systematically questions the independent status, taking into account the composition of the Company's share capital and the existence of any potential conflicts of interest.

Analysis of the significance of the history of the contractual relationship between the Carmila Group and the Group in which a director of the Company has a position as director or executive role, the application of regular market conditions in the contractual relationship, the absence of economic dependency or exclusivity, the proportion of revenues generated by the business relationship between the Group concerned and the Carmila Group, which must be insubstantial.

Under the Internal Regulations of the Board of Directors, each director expresses himself freely and undertakes, in all circumstances, to keep an independent stance in his analyses, judgement, decision-making and actions and to reject any pressure, direct or indirect, that may be brought to bear on him by others, specific shareholder groups, creditors, suppliers or, more generally, by any third party. He undertakes not to seek out or accept from the Company, or from companies associated with it, either directly or indirectly, any benefits that may be construed as compromising his independence.

On the recommendation of the Compensation and Nominating Committee, on 13 February 2020 the Board of Directors carried out an annual review of directors' status as independent.

With respect to the criteria defined under the AFEP-MEDEF Code, it considered that Nathalie Robin (permanent representative of Cardif Assurance Vie), Yann Briand (permanent representative of Sogecap), Emmanuel Chabas (permanent representative of Predica), Amal Del Monaco (permanent representative of AXA REIM France) any legal entities of which they are permanent representatives, as well as Séverine Farjon, Maria Garrido, Olivier Lecomte, Nadra Moussalem and Laurent Luccion, are independent members.

Having heard the opinion of Carmila's Compensation and Nominating Committee, the Board of Directors considered that the fact that directors represent certain shareholders (*i.e.* AXA REIM France, Cardif Assurance Vie, Predica and Sogecap, directly or through other entities of their group) does not affect their independence. In particular, in this respect the Board noted the lack of control of the Company by them, the status of institutional investor of these shareholders, the absence of a significant business relationship and the absence of a potential conflict of interest.

The Company's Board of Directors thus has nine (9) members out of a total of fourteen (14) who qualify as independent under the criteria adopted by the Company, *i.e.* 64.28%, in line with the recommendations of the AFEP-MEDEF Code.

Details concerning the situation of each of the Company's directors in terms of the independence criteria of the AFEP-MEDEF Code, are set forth below.

	Alexandre de Palmas	Sogecap (rep. by Yann Briand)	Predica (rep. by Emmanuel Chabas)	Marie Cheval	AXA REIM France (rep. by Amal Del Monaco)	Séverine Farjon	Maria Garrido	Olivier Lecomte	Laurent Luccioni	Jérôme Nanty	Claire Noël Du Payrat	Nadra Moussalem	Cardif Assurance Vie (rep. by Nathalie Robin)	Laurent Vallée
Criteria 1: A salaried employee and/ or corporate officer during the last five financial years	✗	√	√	√	√	√	√	√	√	√	√	√	√	√
Criteria 2: Cross-directorships	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Criteria 3: Significant business relationship	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Criteria 4: Family ties	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Criteria 5: Statutory Auditors	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Criteria 6: Duration of term of office is greater than 12 years	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Criteria 7: Non-Executive Corporate Officer status	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Criteria 8: Significant shareholder status	✗	√	√	✗	√	√	√	√	√	✗	✗	√	√	✗

Conflicts of interest at the level of the administrative and Executive Management bodies

In accordance with the Company's internal regulations, a conflict of interests exists where a Director or member of his or her family could derive personal benefit from the Company's dealings, or could have a relationship or connection of any kind with the Company, its subsidiaries or its management which might compromise his or her ability to exercise their judgment freely as a Director. The assessment of whether or not a conflict of interest exists also takes into account the personal and financial interests of the permanent representative of a legal entity that is a Director or a physical person who is a Director representing a legal entity in relation to those of the Company.

To the Company's knowledge, and except for those relationships described in Section 5.1.5.3 "Principal agreements with Carrefour group entities" in this document, at the date of this Universal Registration Document, there is no potential conflict of interest between the duties of the Company, the members of the Board of Directors, the Company's Executive Management and their private interests. Under the Internal Regulations, Directors are obliged to inform the Board of Directors, and in particular the Lead Independent Director, of any conflict of interest situation with the Company or its subsidiaries, and must abstain from voting on any corresponding deliberations.

To the Company's knowledge, there are no shareholders' pact or agreement by which any member of the Board of Directors or of the Company's executive management has been appointed as a member of the Board of Directors or of executive management.

As of the date of this document, there are no restrictions accepted by the Company's Board of Directors or by its Executive Management concerning the sale of their interest in the Company's share capital, with the exception of the rules related to the prevention of insider trading and the Company's Internal Regulations which impose an obligation on the executive corporate officer to hold shares until the end of their term of office.

Statement concerning the members of the Board of Directors and of Executive Management

To the Company's knowledge, as of the date of this Universal Registration Document, there exist no family ties between members of the Board of Directors and the Company's Executive Management.

To the Company's knowledge, during the last five years: (i) none of the aforementioned persons has been convicted of or been found liable of fraud, (ii) none of the aforementioned persons has been associated with a bankruptcy, receivership or judicial liquidation, (iii) none of the aforementioned persons has been found guilty of a criminal offence or been subject to official public sanction by statutory or regulatory authorities or by a professional association and (iv) none of the aforementioned persons has been barred by a court from acting as a member of an administrative, management or supervisory body of a company issuing securities or from participating in the management or conduct of the affairs of a company issuing securities.

6.1.2.3 Functioning of the Board of Directors

Conditions for the preparation and organisation of the Board's work

The operating rules of the corporate governance bodies are governed by the relevant legal provisions, the Company's By-laws and the Internal Regulations established by the Board of Directors.

In particular, the Internal Regulations specify the procedures for meetings of the Board of Directors, the powers of the Board of Directors supplemental to the legal and statutory provisions applicable to the Company and, additionally, they cover the creation of the roles and assignments of the various Committees of the Board of Directors.

The Internal Regulations of the Board of Directors

The description below reflects the main provisions of the Internal Regulations, as amended by the Board of Directors at its meeting of 2 April 2020.

(1) Meetings of the Board of Directors by video-conference or other means of telecommunication

With the exception of meetings called to take certain decisions where such methods are prohibited under the French Commercial Code, Board meetings may be held by video-conference and/or by conference call. However, the selected method must enable the identification of the participating directors and must ensure their effective participation in the meeting. In particular, the method selected must, at a minimum, permit the transmission of the voices of the participants and satisfy technical standards allowing for the continuous, real-time transmission of deliberations among participants. Each participant must be able to take part and hear what is said.

Directors participating in Board meetings by video-conference or by conference call shall be deemed present for the purposes of calculating the quorum and any required majority.

In accordance with Law n° 2019-486 of 22 May 2019 on the growth and transformation of businesses, the so-called "Pacte" law, the Board of Directors wishes to submit a motion to the Shareholders' Meeting to amend the Company bylaws to enable the decisions referred to under article L. 225-37 of the French Commercial Code to be the subject of a written consultation of Directors. The Internal Regulations of the Board of Directors will be amended to reflect this.

(2) Board of Directors' Duties

The Board exercises the powers invested in it under law. The Board approves the Company's operational strategic priorities and ensures they are implemented. It discusses and decide upon major transactions. Members of the Board of Directors are notified of market trends, the competitive environment and the Company's main challenges including in the area of social and environmental responsibility. Subject to the powers expressly attributed to the Shareholders' Meetings and within the scope of the Group's corporate purpose, it handles all matters relating to the proper functioning of the Company and settles all matters concerning it through its deliberations. The Board carries out the controls and checks it deems appropriate.

The Board sets any limitations on the powers of the Chairman and Chief Executive Officer and those of the deputy CEOs.

(3) Prior authorisations by the Board of Directors

Pursuant to the Board's Internal Regulations and without prejudice to the applicable laws and regulations, none of the following decisions (or the principal elements of such decisions) may be validly taken without prior approval by the Board through a simple majority of the votes of the directors present or represented at the relevant meeting:

(i) any transaction or agreement likely to affect the business strategy of the Company and its Subsidiaries, the scope of their activity or their tax treatment;

(ii) (any transaction that affects the share capital of the Company or of one of its Subsidiaries, immediately or in the future, (such as a merger, spin-off, partial contribution of assets, capital increase, capital reduction, issue of securities giving access to the share capital of the Company or one of its Subsidiaries, etc.), unless it concerns an intra-Group transaction;

(iii) the approval of the annual budget of the Company and its Subsidiaries (including the income statement, balance sheet, annual financing plan and annual investment plan (CAPEX);

(iv) any transaction or commitment with a value greater than €15 million, in particular:

- any proposed transfer (in the form of a contribution, exchange, acquisition or sale) of real estate or tangible assets or rights, debt claims, leasehold rights or intangible assets by the Company or one of its Subsidiaries (the €15 million threshold calculated on the basis of asset value excluding transfer taxes and duties),
- any proposed total or partial transfer (in the form of a subscription, contribution, exchange, acquisition or sale) of securities or intangible assets of any group or company, in law or in fact, by the Company or one of its Subsidiaries,
- any proposed investment (CAPEX) on the part of the Company and/or the Subsidiaries relating to its or their real estate assets (including expansion and renovation plans), and
- any proposed transaction and any settlement with respect to the Company or one of its Subsidiaries in connection with litigation or other disputes.

The prior authorisation mentioned in this paragraph (iv) does not apply to intra-Group transactions;

(i) any proposal involving the granting by the Company or one of its Subsidiaries of a loan, cash advance or advance on a current account to a person or entity that is not a Subsidiary exceeding a total combined annual threshold for the Company and its Subsidiaries of €5 million for all loans and advances granted;

(ii) the incurrence of all financial debt by the Company and its Subsidiaries, including by issuing debt securities (except for intra-group advances granted by the Company to the Subsidiaries), any refinancing or any extension, renewal or modification of existing financial indebtedness, in each case, for an amount greater than or equal to €200 million per transaction, with the Chief Executive Officer reporting transactions below this threshold to the Board;

(iii) the granting of guarantees, pledges, undertakings, security interests or liens by the Company or its Subsidiaries (i) to third parties for an annual amount greater than or equal to €500,000 per undertaking and in excess of a total combined annual amount of €5 million for the Company and its Subsidiaries, and (ii) to Subsidiaries for an annual amount greater than or equal to €10 million per undertaking and in excess of a total combined annual amount of €100 million for the Company and its Subsidiaries;

(iv) the creation or substantial modification of the general framework and financing conditions for services relating to lease management, asset management, shopping centre management, marketing or specialty leasing of real estate assets held by the Company and its Subsidiaries in cases where such activities are part of an agreement with a Reference Shareholder (defined as any entity having a significant direct or indirect influence on the Company) and/or any Affiliate of such Reference Shareholder and the early termination or the renewal of such agreements (the conclusion or amendment of these agreements need not be submitted to the Board, provided that they comply with the general framework and financial conditions approved by the Board, such that they constitute contracts entered into under the general framework previously approved by the Board). The directors of the Reference Shareholder (other than the Chairman) will not vote on these decisions; and

(v) the conclusion, significant amendment, early termination or renewal of any agreement mentioned below between the Company and/or one of its Subsidiaries and a Reference Shareholder and/or any Affiliate of such Reference Shareholder:

a. the Renovation and Development Agreement,

b. any agreement relating to the provision of administrative or accounting services for an amount, per contract, exceeding the sum of €200,000, excluding tax, per year,

c. any agreement relating to the grant of loans, advances, guarantees, pledges, undertakings, security interests or liens in favour of a Reference Shareholder and/or any Affiliate of such Reference Shareholder,

d. any agreement relating to the transfer (in the form of a contribution, exchange, acquisition or sale) of real property or tangible assets, securities or transferable securities or intangible assets in an amount individually exceeding €2 million (excluding taxes and duties), or

e. any other agreement in respect of which the total amount to be paid exceeds €2 million, excluding tax, per year, other than (a) agreements concluded or transactions carried out pursuant to the Renovation and Development Agreement and/or the above-mentioned agreements and (b) agreements entered into in the normal course of business (the normal course of business being deemed to include maintenance, renovation and development work related to real estate assets held by the Company and its Subsidiaries).

The directors representing the Reference Shareholder (other than the Chairman, except when the agreement in question relates to the exercise of his duties or his compensation) will not vote on these decisions.

For the purpose of the foregoing:

(i) "Affiliate" means, with regard to a person, any entity that directly or indirectly, through one or several entities, controls such person, is controlled by such person, or is under the same control as such person;

(ii) "Control" means, with regard to a person, directly or indirectly holding at least fifty per cent (50%) of the capital and voting rights of such person; and

(iii) "Subsidiary" means, at any time, any entity directly or indirectly controlled by the Company.

(4) Lead Independent Director

At its meeting on 12 June 2017, the Board of Directors decided to appoint Olivier Lecomte as Lead Independent Director. In accordance with the Internal Rules of the Board of Directors, his remit is to assist the Chairman in his/ her duties regarding the proper functioning of the Company's supervisory bodies. In this respect, he/she will examine, in particular, conflicts or potential conflicts of interest that may be related to the directors or the Chairman of the Board and relevant to the Company's interests.

In the 2019 financial year, the Lead Independent Director:

- was the key interlocutor for independent Directors owing to his attendance at meetings of the Board, Audit Committee and Compensation and Nominating Committee – particularly in relation to the succession of Mr Jacques Ehrmann, Chairman and CEO;
- implemented measures intended to identify and analyse possible conflicts of interest;
- also took steps to assist the Chairman in ensuring the proper functioning of the Company's supervisory bodies, particularly in setting the 2019 timetable for Board and Committee meetings, sharing in due time with Board and Committee members the information necessary for their discussions, and in digitalising Board and Committee documents.

(5) Evaluation of the Board of Directors

In accordance with the Internal Rules of the Board of Directors, the Board regularly reviews its composition, organisation and functioning. In particular, it evaluates the balance of its composition and that of the Committees, reflects on the diversity of these bodies, and periodically considers whether its structure and activities adequately respond to the tasks for which it is responsible.

To that end, once a year, the Board of Directors devotes time on its agenda to a discussion of its functioning.

For the 2019 financial year, the evaluation of the Board was conducted by the Compensation and Nominating Committee, and subsequently by the Board of Directors at the meeting on 2 April 2020. In general, the performance and functioning of the Board and the Committees is deemed very satisfactory by their members. Directors consider that the Board's duties and responsibilities are perfectly understood, that the Board accomplishes its duties with independence, guided by the social interest of the Company. The follow up of the implementation and results of its strategic decisions is properly carried out.

The diversity of profiles, as well as the Board's members' competence is recognized, and allows meaningful debates with the executive management, reinforced by the transparency and open-mindedness of the Chairman and Chief Executive Officer.

Among the identified areas for improvement and to strengthen the knowledge of Board members on the activity of the Company, it was noted the possibility of benchmarking more often and to be more precised on competing practices. In addition, the Board must pay particular attention to risk management and internal control, and meetings could be organized, outside of the Board's meetings, with the executive management so as to facilitate the understanding of the strategic stakes of the activity of shopping centers.

Communication with shareholders and the markets

Managing shareholder relations with the Company's Board of Directors, particularly with regard to corporate governance, is the task of the Chairman of the Board.

Board of Directors meetings frequency and attendance in 2019

The Board of Directors met eight (8) times during 2019. The attendance rate based on Directors present was 88.7%.

The main activities of the Board of Directors concerned:

- *financial management:*
  - approval of the individual and consolidated financial statements for the year ended 31 December 2018,
  - approval of the Management Report to the Board of Directors on the financial statements for the year ended 31 December 2018 and of the Corporate Governance report,
  - implementation of a new bonus preference share allocation plan,
  - renewal of annual authorisation for bond issues,
  - approval of the half-yearly financial statements at 30 June 2019 and of the corresponding Financial Report,
  - implementation of a new EMTN programme;
- *Shareholders' Meeting:*
  - authorisation of regulated agreements entered into or ongoing during the financial year ended 31 December 2018,
  - convening of the Shareholders' Meeting called to approve the financial statements for the financial year ended 31 December 2018;
- *governance of the Company:*
  - setting directors' fees to be distributed during the financial year 2018,
  - annual review of directors' independence,
  - review of senior executives' compensation and breakdown of directors' fees,
  - succession plan of Mr Jacques Ehrmann,
  - appointment of a new Chairman and Chief Executive Officer,
  - co-optation of one Director and one non-voting director,
  - the desired balanced composition of the Board of Directors, and of the Committees reporting thereto, particularly in terms of diversity (representation of women and men, nationalities, age, qualifications and professional experience, etc.);
- *strategy and growth:*
  - reflections on the Company's acquisition, expansion and disposal projects,
  - The implementation of a legal restructuring of the holding of Spanish assets.

6.1.2.4 The specialist Committees of the Board of Directors

At its meeting on 12 June 2017, the Board of Directors decided to establish three (3) committees responsible for considering matters referred to it by itself or by its Chairman.

In order to take into account the nature and specific features of the Company's activities, specialist Committees of the Board of Directors were established:

- the Audit Committee:
- the Compensation and Nominating Committee;
- the Strategic and Investment Committee.

These specialist Committees are exclusively comprised of directors appointed by the Board of Directors for their whole term of office. The Chairmanship of each Committee is carried out by one of its independent members.

The Committees report regularly on their work to the Board of Directors, and submit their observations, opinions, proposals and recommendations thereto.

In the course of the 2019 financial year, the composition of the Specialist Committees changed reflecting changes to the Company's governance.

At its meeting 2 April 2020, the Board of Directors decided to create a new CSR Committee and amended its Internal Regulations to reflect this.

Upon the recommendations of the compensation and nominating Committee, it defined in particular its composition, its rules of procedure and majority requirements, and its duties.

Audit Committee

Composition

As of 31 December 2019, the Audit Committee is composed of four (4) members chosen from among the Directors, at least three of whom are independent Directors, and appointed, on the proposal of the Compensation and Nominating Committee, by the Board for the duration of their Directorship. The Audit Committee does not include any senior executive corporate officers.

The Chairman of the Audit Committee is appointed by the Board, on the proposal of the Compensation and Nominating Committee taking his specific expertise into consideration. The Board must carry out a specific review of this appointment.

The Company's Audit Committee is comprised of the following persons:

- Mr Olivier Lecomte, Lead Independent Director (Committee Chairman);
- Mr Yann Briand, Independent Director, permanent representative of Sogecap;
- Mrs Maria Garrido, Independent Director; and
- Mrs Claire Noël du Payrat, Director.

Duties

As part of its role in supervising matters relating to the preparation and control of accounting and financial information and monitoring the effectiveness of risk monitoring and operational internal controls, the Audit Committee is in charge of:

- reviewing the accounting methods and the asset valuation procedures of the Company and its Subsidiaries, and monitoring the preparation of financial information by ensuring the relevance and consistency of the accounting methods;
- reviewing the Company's draft individual and draft consolidated financial statements before their presentation to the Board;
- leading the selection process for the Company's Statutory Auditors in accordance with applicable legal and regulatory provisions, and submitting its proposal or opinion, as the case may be, to the Board;
- implementing a pre-approval and monitoring process for audit assignments other than the financial statement audit carried out by the Statutory Auditors, as well as the rules with respect to the delegation of authority to the Company's management, and ensuring that the provision of such services (other than the financial statement audit), does not compromise their independence;
- reviewing the regulated agreements mentioned in the provisions of Article L. 225-38 of the French Commercial Code, with the exception of those previously reviewed by the Strategic and Investment Committee in accordance with the Board's Internal Regulations;

- issuing an opinion on:
  - the creation or substantial modification of the general framework and financial conditions for activities relating to lease management, asset management, shopping centre management, marketing or specialty leasing of real estate assets held by the Company and its Subsidiaries in cases where such activities are part of an agreement with a Reference Shareholder and/or any Affiliate of such Reference Shareholder and the early termination or the renewal of such agreements. It should be noted that the conclusion or amendment of these agreements need not be submitted to the Board, provided that they comply with the general framework and financial conditions approved by the Board. The directors representing the Reference Shareholder will not vote on these decisions, and
  - the conclusion, significant amendment, early termination or renewal of agreements between (a) the Company and/or one of its Subsidiaries and (b) a Reference Shareholder and/or any Affiliate of such Reference Shareholder, specifically: (i) any agreement relating to the provision of administrative or accounting services for an amount exceeding a given amount specified in the Board's Internal Regulations, (ii) any agreement relating to the grant of loans, advances, guarantees, pledges, undertakings, security interests or liens in favour of a Reference Shareholder and/or any Affiliate of this Reference Shareholder and (iii) any other agreement for a total amount exceeding a given amount specified in the Board's Internal Regulations, other than agreements concluded or transactions carried out pursuant to the Renovation and Development Agreement dated 16 April 2014 with Carrefour, and agreements entered into in the normal course of business. The directors representing the Reference Shareholder (other than the Chairman, except when the agreement in question relates to the exercise of his duties or his compensation) will not vote on these decisions;
- monitoring and managing the verification and clarity of the information to be provided to shareholders and the markets;
- monitoring the effectiveness of internal control systems, internal audits and risk management with respect to the preparation and processing of financial and accounting information;
- examining risks, levels of risks, and procedures to prevent risks, as well as material off-balance sheet commitments and assessing the significance of deficiencies or failings indicated to the Committee, as the case may be, and informing the Board; and
- regularly reviewing the status of significant litigation.

When reviewing the financial statements, the Audit Committee also examines significant transactions which could present a potential conflict of interest. The examination of the financial statements by the Audit Committee takes place alongside the presentation by the Company's Statutory Auditors of the main elements of audit findings (in particular, audit adjustments and significant irregularities in the internal control system identified during their review in connection with the preparation and processing of accounting and financial information) and on the accounting methods used. The examination of the financial statements is also accompanied by a presentation given by management describing the Company's risk exposure, including social and environmental risks, and setting out the Company's off-balance sheet commitments and accounting options used.

The Statutory Auditors will bring to the attention of the Audit Committee any information required by law, in particular that required pursuant to Article L. 823-16 of the French Commercial Code.

The Chairman and CEO always abstained from joining meetings of the Audit Committee but, when necessary, has been invited to join part of these meetings at the request of the Committee's Chair.

Work of the Audit Committee in 2019

The Audit Committee met six (6) times during the financial year 2019, and the attendance rate was 95.8%.

4 DIRECTORS ▶ **6 MEETINGS** ▶ **95.8% ATTENDANCE RATE**

The Committee meetings mainly concerned:

- review of the draft individual and consolidated financial statements for the year ended 31 December 2018, and the half-yearly results at 30 June 2019, as well as the corresponding financial reports and press releases;
- presentation of the Company's risk exposure and its off-balance sheet commitments;
- review of regulated agreements entered into or ongoing during the financial year 2018;
- examination of the Board of Directors' Management report on the financial statements for the year ended 31 December 2018 concerning procedures for internal control and risk management;
- review of the business plan;
- review of the procedures to authorise "services, other than the financial statements audit", carried out by the Statutory Auditors;
- review of the 2020 budget; and
- review of the risk mapping and the internal control audit;
- more specifically, the actions taken and the procedures put in place with regards to IT security, compliance with GDPR regulation, the Sapin II Law regarding the fight against fraud and corruption and the Prospectus III regulation and its consequences, particularly in terms of how risks are presented.

In addition, the Chairman of the Committee reported to the Board of Directors on the work of the Audit Committee.

Compensation and Nominating Committee

Composition

As of 31 December 2019, the Compensation and Nominating Committee is composed of five members chosen from among the Directors, at least three (3) of whom are independent Directors, including its Chairman, appointed by the Board for their term of office.

The Compensation and Nominating Committee will not include any executive corporate officers.

The Company's Compensation and Nominating Committee is comprised of the following persons:

- Mrs Séverine Farjon, Independent Director (Committee Chairwoman);
- Mr Olivier Lecomte, Independent Director and lead Director;
- Mrs Amal Del Monaco, Independent Director;
- Mr Jérôme Nanty, Director; and
- Mr Laurent Vallée, Director.

Duties

The Compensation and Nominating Committee, whose main task is to assist the Board of Directors with the determination and regular assessment of all compensation and benefits of executive corporate officers or of senior executives of the Company, and with the composition of the Company's supervisory bodies, is in charge of:

- proposing Independent Director candidates, organising the selection of future independent directors and carrying out its own review of potential candidates before taking any action, as well as issuing an opinion on the candidates proposed by other directors;
- proposing candidates to be members of the Committees of the Board of Directors and executive corporate officers;
- issuing proposals for the staff and corporate officers compensation and incentive policy of the Company and its Subsidiaries and on stock option plans and the granting of bonus shares or preference shares;
- submitting proposals to the Board as to the terms of protection of executive corporate officers (civil liability insurance of corporate officers); and
- periodically assessing the activities of the Board.

Concerning the selection of new directors, the Compensation and Nominating Committee is in charge of submitting proposals to the Board after having examined all elements in detail, in particular in light of the composition and changes in the shareholding structure of the Company, to ensure the balanced composition of the Board: representation of the significant shareholders of the Company (it should be noted that representatives of the Reference Shareholder cannot be described as independent Directors), balanced representation of men and women, nationality, age, qualifications, professional experience, etc. It reviews the situation of each director each year, on a case-by-case basis, in light of the independence criteria of the AFEP-MEDEF Code to which it refers.

The Compensation and Nominating Committee may consider that even though a director may meet the criteria stated above, he may not be deemed independent given his specific situation or that of the Company, with regard to its shareholding structure or for any other reason. Conversely, the Compensation and Nominating Committee may consider that a director that fails to meet the required criteria can nevertheless be deemed independent.

It also issues a recommendation on the overall amount and terms of breakdown of directors' compensation paid to directors.

The Compensation and Nominating Committee is informed of the compensation policy with regard to senior executives reporting directly to the CEO. To this end, the Compensation and Nominating Committee will receive the assistance of the executive corporate officers.

The Compensation and Nominating Committee draws up a plan for replacement of the Company's main executive corporate officers, which is then presented to the Board of Directors.

Work of the Compensation and Nominating Committee in 2019

The Compensation and Nominating Committee met five (5) times in 2019. The attendance rate was 85.6%.

5 DIRECTORS ▶ 5 MEETINGS ▶ 85.6% ATTENDANCE RATE

The main subjects discussed in the 2019 financial year were as follows:

- annual review of the status of Independent Director(s);
- review of the Corporate Governance report;
- review of senior executives' compensation;
- setting the amount of directors' fees to be paid for the year ended 31 December 2018;
- implementation of a preference share plan (PSP 2019);
- statement on the final conditions for vesting of shares under the 2017 Performance Plan;
- review of the composition, organisation and functioning of the Board of Directors and its Committees;
- succession plan of Mr Jacques Ehrmann;
- appointment of a new Chairman and CEO and the appointment of two Deputy CEOs;
- appointment of two new Directors;
- examination of the new governance and independence criteria for Directors.

The Chairwoman of the Committee reported to the Board of Directors on the work discussed at each meeting of the Compensation and Nominating Committee.

Strategic and Investment Committee

Composition

As of 31 December 2019, the Strategic and Investment Committee consists of six (6) members chosen from among the Directors and appointed by the Board for the duration of their term of office. The Board appoints the Chairman of the Strategic and Investment Committee.

The Company's Strategic and Investment Committee comprises the following persons:

- Mrs Nathalie Robin, Independent Director (Committee Chairwoman);
- Mr Alexandre de Palmas, CEO;
- Mr Emmanuel Chabas, Independent Director;
- Mrs Marie Cheval, Director;
- Mr Nadra Moussalem, Independent Director;
- Mr Laurent Vallée, Director.

Duties

The Strategic and Investment Committee, prior to any decision of the Chairman and CEO (or the Deputy CEOs, as the case may be) and/or of the Board of Directors, as applicable, is tasked with:

- reviewing the Company's investment strategy and that of its Subsidiaries and monitoring investment opportunities;
- reviewing, and issuing an opinion on, the annual investment budget;
- issuing an opinion on any investment or divestment transaction for an amount exceeding €15 million;
- examining and issuing an opinion on decisions relating to any proposed investment or divestment requiring the prior authorisation of the Board; and
- examining and issuing an opinion regarding the conclusion, substantial modification, early termination or renewal of the Renovation and Development Agreement concluded with Carrefour, and regarding any asset transfer agreement exceeding a given amount specified in the Internal Regulations, concluded between (a) the Company and/or one of its Subsidiaries, on the one hand, and (b) a Reference Shareholder (understood to mean any entity that directly or indirectly holds significant influence over the Company and/or any Affiliate of that Reference Shareholder, on the other hand).

The directors representing the Reference Shareholder will only take part in the deliberations of the Strategic and Investment Committee in an advisory capacity.

Work of the Strategic and Investment Committee in 2019

The Strategic and Investment Committee met three (3) times during the financial year 2019, and the attendance rate was 90.7%.

The Committee met to discuss the following main topics:

- the Company's acquisition, disposal and asset expansion projects and opportunities;
- possible changes to be made to the Company's strategy.

The Chairman of the Committee reported to the Board of Directors on the work discussed at each meeting of the Strategic and Investment Committee.

CSR Committee

Composition

Established by the Board of Directors at its meeting on 2 April 2020, this committee has five (5) members:

- Mrs Séverine Farjon, Independent Director (Committee Chairwoman);
- Mrs Nathalie Robin, Independent Director (Committee Chairwoman);
- Mrs Maria Garrido, Independent Director;
- Mr Laurent Vallée, Director, and
- Mr Alexandre de Palmas; CEO.

Duties

In particular, the CSR Committee is responsible for:

- discussing the Company's CSR commitments and policy priorities, their alignment with the expectations of stakeholders, monitoring their roll-out and more generally ensuring CSR-related matters are incorporated in the Company's strategy and its implementation;
- assessing risks, identifying new opportunities, taking into account the impact of the CSR policy in terms of economic performance;
- reviewing the annual statement of non-financial performance;
- reviewing the summary of Company ratings awarded by ratings agencies and through non-financial analysis; and
- identifying and discussing emerging CSR trends and ensuring that the Company has made effective preparations for the issues that are specific to its business and objectives.

6.1.2.5 Attendance of members of the Board of Directors in 2019

The individual attendance rate for each director at meetings and Board meetings and of the Committees reporting thereto, is set out in the table below.

Director	Attendance at Board of Directors	Attendance at Audit Committee meetings	Attendance at Compensation and Nominating Committee meetings	Attendance at Strategic and Investment Committee meetings
Alexandre de Palmas	100%	-	-	100%
Mr Jacques Ehrmann	100%	-	-	100%
Sogecap (rep. by Yann Briand)	100%	83.3%	-	-
Predica (rep. by Emmanuel Chabas)	87.5%	-	-	100%
Marie Cheval	87.5%	-	50%	-
SIC AXA REIM France (rep. by Amal Del Monaco)	87.5%	-	80%	-
Séverine Farjon	100%	-	100%	-
Maria Garrido	87.5%	100%	-	-
Olivier Lecomte	100%	100%	100%	-
Laurent Luccioni	87.5%	-	-	-
Francis Mauger	100%	-	-	100%
Nadra Moussalem	87.5%	-	-	100%
Jérôme Nanty	83.3%	-	100%	-
Claire Noël Du Payrat	75%	100%	-	-
Cardif Assurance Vie (rep. by Nathalie Robin)	100%	-	-	100%
Laurent Vallée	75%	-	100%	66.6%
Average	**90%(2)**	**95.8%**	**88.0%**	**92.3%**

(1) Attendance based over the duration of the director's term of office in 2019.
(2) Average attendance not including non-voting directors.

6.1.3 Executive Management

Method of exercising Executive Management

In accordance with Article 14 of the Company's by-laws, the Company's executive management methods are determined by the Board of Directors.

At its meeting of 12 June 2017, the Board of Directors decided not to maintain the separation of the duties of the Chairman of the Board of Directors from those of the Chief Executive Officer, as had been the case up until that time, in order to give priority to the efficiency of the decision making-process within the Company and to strengthen the social cohesion. The meeting of the Board of Directors of 26 June 2019, when Mr Alexandre de Palmas was co-opted as Director and appointed as Chairman of the Board of Directors and CEO of the Company for the remaining term of Mr Jacques Ehrmann, i.e. until the Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ended 31 December 2020, voted that these positions should continue to be held by one person.

At its meeting on 26 June 2019, the Board of Directors also confirmed the remaining terms of office of Mr Géry Robert-Ambroix and Mr Sébastien Vanhoove, i.e. until the Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ended 31 December 2020.

Pursuant to the Internal Regulations and without prejudice to the applicable laws and regulations, those decisions (including their main enforcement features) that may not be taken validly by the Chairman and CEO and/or the Deputy CEOs without the prior approval of the Board of Directors obtained through a simple majority of the votes of the directors present or represented at the relevant meeting, are set out in Section 6.1.2.3 paragraph (3).

About the Executive Management

Alexandre DE PALMAS

Information on the career and professional experience of Mr Alexandre de Palmas is given in Section 6.1.2 of this Universal Registration Document.

Géry ROBERT-AMBROIX

Géry Robert-Ambroix is a graduate of HEC and began his career at the Bouygues Group where he held various positions in engineering from 1992 to 1997 in France, then London. In 1998, he joined CGIS (*Compagnie Générale d'Immobilier et de Services)* – part of the Vivendi group, now Nexity – as Deputy Head of Financial Engineering. In 2000, was appointed to the Management Committee of Sari Management and appointed President of its Sari Gestion subsidiary. He joined the Affine Group in 2002 as Head of Asset Management and Property Leasing. Between 2005 and 2013, he joined the Casino Group, then the newly formed company Mercialys as its Deputy CEO. He then joined Carrefour Property, part of the Carrefour group, in August 2013, as Director of Shopping Centre Operations. He became Deputy CEO of Carmila S.A.S. upon its creation on 16 April 2014 and Deputy CEO of Carmila SA on June 2017.

Sébastien VANHOOVE

Sébastien Vanhoove has a Master of Advanced Studies in Corporate Law from the University of Lille and a Master of Advanced Studies in Business Administration from IAE Caen. He began his career as in-house counsel then head of legal at Immochan and Gesceco, then Immobilière Carrefour. He went on to join A2C, part of the SNCF group, where, between 2003 and 2013, he held the positions of a Legal and Rental Management Director, Chief Operational Officer then Deputy CEO, responsible for introducing and implementing the policy to enhance commercial areas tailored to each type of station. In 2014, he joined Carrefour Property France where he held the position of Chief Operational Officer, then Deputy CEO. He has been CEO of Carrefour Property France since November 2017 and is responsible for managing employees, the operational management of all projects and the management of sites, defining and implementing development, expansion and restructuring projects and, since October 2019, the operational management of Carrefour Property Spain and Italy. In August 2018, Mr Sébastien Vanhoove was appointed Deputy CEO of Carmila.

Governing bodies gender balance requirement

In compliance with the new AFEP-MEDEF Code's recommendations, the Executive Management of Carmila proposed a gender diversity policy for its governing bodies as well as an action plan to the Board of Directors at its meeting of April 2, 2020.

The balanced representation of women and men among the governing bodies, as well as the diversity of profiles has always been subjects on which the Executive Management of Carmila paid attention. Indeed, as soon as 2018, the Group commissioned an external expert, so as to perform a gender diversity diagnostic for France and Spain (Italy does not represent a significant scope), notably indicating the men-women distribution at hire, by type of contracts, by average of training hours, but also by compensation range. This audit consisted of a quantitative analysis of the database provided by the Human Resources department, as well as a qualitative audit, based on interviews with Company's employees.

Following this audit, and so as to implement progress areas regarding gender diversity within the Company, a joint working group constituted of management members and staff representatives was created in 2019 and is still working in 2020. This joint working group aims to make proposals towards improving gender equality for all professional status within Carmila.

In order to take it further, the Human Resources department, in collaboration with the CSR department of Carmila, defined objectives with follow-up indicators, allowing the set up of concrete actions aimed at gender diversity for the governing bodies. The scope taken into account for the action plan is the entirety of directors' employees within the company.

The main terms of the actions plan are as follows:

- **A strong commitment by the executive officers for professional equality**
  - Set up of newsletters addressed to all employees so as to raise awareness on the matter, and review the progresses;
  - Appointment of a project manager reporting to the Chairman and Chief Executive Officer, responsible for setting the objectives, the follow-up indicators, the planning and follow-up the dedicated budget;
  - Set up of a training program for the Executive Committee;
  - Negotiation of a professional equality deal, targeting potential compensation gaps and aiming to fill them.
- **Actively promote women's career**
  - Identify women with strong growth potential by the set up of a career committee specifically responsible for identifying women talents;
  - Set up of a training program specifically oriented towards leadership, self-awareness, public speaking and stress management, for women identified as talents;
  - All succession plans for any directors position will need to include at least one woman in 3 years;
  - Organization of a women's network within the Group;
  - Analysis of compensation gaps between women and men within the Company;
  - Awareness campaign of all the directors to the professional equality.

6.2 Compensation granted to executive corporate officers

The presentation of the compensation of executive corporate officers described below includes information arising from order n°2019-1234 of 27 November 2019 pursuant to Law n° 2019-486 of 29 June 2020 on business growth and transformation (the so-called "PACTE law"). Under the new legislation, the Shareholders' Meeting of 29 June 2020 was called to vote on the following resolutions:

- Approval of information relating to the compensation of the corporate officers referred to under Article L. 225-37-3 of the French Commercial Code;
- Approval of the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid or attributable to Mr Alexandre de Palmas, Chairman and CEO, in respect of the financial year ending 31 December 2019 for the period since his appointment;
- Approval of the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid or attributable to Mr Monsieur Jacques Ehrmann, Chairman and CEO, in respect of the financial year ending 31 December 2019 for the period until 30 June 2019;
- Approval of the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid or attributable to Mr Géry Robert-Ambroix, Deputy CEO, in respect of the financial year ending 31 December 2019;
- Approval of the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid or attributable to Mr Sébastien Vanhoove, Deputy CEO, in respect of the financial year ending 31 December 2019;
- Approval of the compensation policy applicable to Mr Alexandre de Palmas, Chairman and CEO, in respect of FY 2020, referred to under Article L. 225-37-2 of the French Commercial Code;
- Approval of the compensation policy applicable to Mr Géry Robert-Ambroix, Deputy CEO, in respect of FY 2020, referred to under Article L. 225-37-2 of the French Commercial Code;
- Approval of the compensation policy applicable to Mr Sébastien Vanhoove, Deputy CEO, in respect of FY 2020, referred to under Article L. 225-37-2 of the French Commercial Code;
- Approval of the compensation policy applicable to members of the Board of Directors in respect of the 2020 financial year, pursuant to Article L. 225-37-2 of the French Commercial Code.

The next section of the Corporate Governance report sets out (i) all components of compensation and benefits in kind paid in or awarded in respect of the financial year ending 31 December 2019, to corporate officers (Section 6.2.1.), (ii) compensation policies for 2020, applicable to corporate officers (6.2.2), as well as (iii) a presentation of the bonus preference and preference share allocation plan (6.2.3).

6.2.1 Components of compensation and benefits in kind paid in or awarded in respect of 2019 to corporate officers
(Article L. 225-37-3 I and L. 225-100 II of the French Commercial Code)

The information on the compensation paid or awarded to corporate officers for the 2019 financial year, presented in this section is the information required under Article L. 225-37-3 I of the French Commercial Code and put to a shareholder vote pursuant to Article L. 225-100 II of the French Commercial Code.

Any compensation and other benefits in kind paid in 2019 or awarded in respect of 2019 are compliant with the compensation policy approved by the Shareholders' Meeting of 16 May 2019.

6.2.1.1 Compensation and benefits in kind paid in or awarded in respect of 2019 to the Chairman and CEO

In the 2019 financial year, Mr Jacques Ehrmann, resigned from his position as Chairman and CEO effective as of 30 June 2019, and was replaced by Mr Alexandre de Palmas from 1 July 2019. As such, at its meeting of 26 June 2019, the Board of Directors revised its compensation policy in respect of him, in keeping with the principles approved by the Shareholders' Meeting.

Summary of the principles and criteria approved by the Shareholders' Meeting of 16 May 2019

The main aspects of the compensation policy approved by the Shareholders' Meeting of 16 May 2019 are as follows:

- **Fixed Compensation:** one half of the fixed compensation of the Chairman and CEO is paid by the Company in respect of his services to the Company, and the other half is paid by Carrefour in respect of his services to Carrefour. In respect of the 2019 financial year, the portion of fixed compensation of the Chairman and CEO paid by the Company amounts to €353,000.

  The portion of fixed compensation is set based on the level of responsibilities, experience in management positions and industry practice.
- **Variable compensation (STI):** the variable portion of the Chairman and CEO's compensation in respect of his role within the Company is set by the Board of Directors and amounts to 85% of his gross fixed compensation paid by the Company if 100% of the performance criteria are achieved and up to 170% of his gross fixed compensation paid by the Company if 200% of the performance criteria are achieved, with the variable portion adjusted on a linear basis depending on the percentage of performance criteria achieved.

  In respect of the 2019 financial year, the following performance criteria, on which his variable compensation paid by the Company are based, were set:

  (i) general quantifiable criteria accounting for 50% (like-for-like growth of 2019 rental income, 2019 EPRA Cost Ratio (excluding vacancy cost), CAGR 2018 and 2019 of the growth in recurring earnings per share and % of centres that had obtained BREEAM certification or equivalent at the end of 2019, as a % of the market value;

  (ii) individual quantifiable criteria accounting for 20% (change in vacancies, lease renewals, revenues generated by certain businesses, number of local digital marketing transactions (Kiosk), financial occupancy rate excluding strategic vacancies and performance criteria on the delivery of the Rennes Cesson extension); and

(iii) qualitative criteria accounting for 30% (Governance and compliance, including audit and internal control and CSR, financial communication, innovation and entrepreneurship, quality of the customer and partner relationship and financial liquidity).

Variable compensation amounts paid by the Company in respect of the role of the Chairman and CEO of the Company are billed by Carrefour to the Company.

The payment of variable compensation is conditional upon the approval of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2019.

- **Exceptional compensation:** the Chairman and CEO will receive no exceptional compensation, except under specific circumstances related to transactions that have a structural impact on the Company. The payment of exceptional compensation shall be, in any case, conditional upon the approval of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2019.
- **Compensation for a Directorship:** the Chairman and CEO may receive compensation in respect of his position of Director and Chairman of the Board.
- **Benefits in kind:** The Chairman and CEO receives no benefits in kind.
- **Long-term compensation: Stock options, bonus shares and any other long-term compensation (LTI):** the Chairman and CEO may be awarded bonus shares or preference shares, as decided by the Board of Directors and after the Compensation and Nominating Committee has advised on the matter, up to the limit of the authorisations granted by the Shareholders' Meeting.
- **Termination of service indemnity: Severance payment:** the Chairman and CEO does not benefit from any severance payment in respect of the termination of his role as Chairman and CEO of the Company.
- **Non-compete indemnity:** the Chairman and CEO does not benefit from any non-compete indemnity in respect of the termination of his role as Chairman and CEO of the Company.
- **Supplementary pension plan:** the Chairman and CEO does not benefit from any supplemental pension plan in respect of his role as Chairman and CEO of the Company.

(a) Compensation and other benefits paid or allocated to Mr Jacques Ehrmann, Chairman and CEO until 30 June 2019

At its meeting of 26 June 2019, the Board of Directors noted the intention of Jacques Ehrmann to bring an end to his corporate office as Chairman and CEO, with effect from 30 June 2019. The compensation components paid to Jacques Ehrmann in respect of 2019, determined by the Board of Directors, on the recommendation of the Compensation and Nominating Committee, pursuant to the principles and criteria approved by the Shareholders' Meeting of 16 May 2019 are as follows:

Fixed compensation

In respect of the financial year ended 31 December 2019, the share of Jacques Ehrmann's fixed compensation paid by the Company is €353,000 per annum, *i.e.* 50% of his total fixed compensation. For the period from 1 January 2019 to 30 June 2019, Mr Jacques Ehrmann received a gross amount of €176,500.

Annual variable compensation

At its meeting of 26 June 2019, the Board of Directors decided not to pay Mr Jacques Ehrmann variable compensation in respect of 2019 for his service at Carmila due to his resignation as Chairman and CEO.

Compensation awarded in respect of Directorship

On the recommendation of the Compensation and Nominating Committee, the Board of Directors awarded Mr Jacques Ehrmann compensation (formerly attendance fees) of €19,375 for the period of 1 January 2019 to 30 June 2019 in respect of his Directorship, Chairmanship and membership of the Strategic and Investment Committee.

Exceptional compensation

Mr Jacques Ehrmann has not received any exceptional compensation.

Long-term compensation: Stock options, bonus shares and any other long-term compensation (LTI)

No subscription shares or share purchase was awarded to Mr Jacques Ehrmann for the financial year ending 31 December 2019.

At the meeting of the Board of Directors of 16 May 2019, under the authorisation given by the Shareholders' Meeting the same day and upon the recommendation of the Compensation and Nominating Committee, the Board of Directors voted to award, subject to presence and performance conditions, 21,844 preference shares (equivalent of 12 months of salary) to Mr Jacques Ehrmann. Having resigned his position of Chairman and CEO effective from 30 June 2019, Mr Jacques Ehrmann has lost his entitlement to these preference shares.

A breakdown of the bonus shares awarded to Mr Jacques Ehrmann is included in Section 6.2.3 of this Universal Registration Document.

Other compensation components

Jacques Ehrmann is not eligible to receive any severance indemnity (in respect of voluntary resignation, dismissal, forced resignation or retirement) upon termination of his corporate office within the Company, nor is he eligible to receive any indemnity in respect of a non-compete clause or a supplementary pension plan.

SUMMARY OF THE COMPONENTS OF COMPENSATION AWARDED IN RESPECT OF OR PAID IN THE FINANCIAL YEARS ENDING 31 DECEMBER 2019 AND 31 DECEMBER 2018 TO MR JACQUES EHRMANN, CHAIRMAN AND CEO, PRO-RATED FOR HIS TERM OF OFFICE (TABLE N°2 OF THE AFEP-MEDEF CODE)

	Financial year 2019*		Financial year 2018*	
	Amounts awarded[1]	Amounts paid[2]	Amounts awarded	Amounts paid
Mr Jacques Ehrmann Chairman and CEO until 30 June 2019	Annual basis	Annual basis	Annual basis	Annual basis
Fixed compensation (gross pre-tax base)	€176,500[3]	€176,500	€353,000	€353,000
Annual variable compensation	€0	€455,176[4]	€455,176	€480,680[5]
Exceptional compensation	NA	NA	NA	NA
Compensation awarded in respect of Directorship	€19,375	€30,000	€30,000	€41,667[2]
Benefits in kind	NA	NA	NA	NA
TOTAL	**€195,875**	**€661,676**	**€838,176**	**€875,347**

** Fixed and variable compensation paid by Carmila.*
(1) Amounts due for the year.
(2) Amounts paid in year n-1.
(3) Pro-rated amount according to his actual presence in the Carmila Group until 30 June 2019.
(4) Payment approved by Shareholders' Meeting of 16 May 2019.
(5) Total paid in the reporting periods pre-merger (within Carmila SAS, absorbed company) and post-merger (within Carmila SAS, previously Cardety SA, merging company).

(b) Compensation and other benefits paid or awarded to Alexandre de Palmas, Chairman and CEO as of 1 July 2019

On the decision of the Board of Directors at its meeting of 26 June 2019 and with effect from 1 July 2019, Alexandre de Palmas was appointed Chairman and CEO of the Company, replacing Jacques Ehrmann.

Alexandre de Palmas is also Executive Director at the Carrefour group responsible for convenience stores, pursuant to a contract of employment entered into with Carrefour. A secondment agreement has been entered into between Carrefour and the Company, which was authorised by the Board of Directors on 26 June 2019. It will be put to the Shareholders' Meeting for approval in line with the procedure on regulated agreements.

Alexandre de Palmas does not have a contract of employment with the Company.

The fixed and variable compensation amounts payable by the Company to Alexandre de Palmas in respect of his services to the Company are billed by Carrefour to the Company, according to the guidelines set out below.

Fixed compensation

One half of the fixed compensation received by Alexandre de Palmas is paid by the Company in respect of his role as Chairman and CEO of the Company, and the other half by Carrefour in respect of his salaried position within the Carrefour group.

With regard to the financial year 2019, on 26 June 2019 the Board of Directors determined that the portion of Alexandre de Palmas's fixed compensation payable by the Company would amount to €250,000 per annum, i.e. 50% of his total fixed compensation. This compensation was paid over 6 months in the 2019 financial year, i.e. €125,000.

Annual variable compensation

The annual variable compensation received by Alexandre de Palmas for his services to the Company is determined on the basis of performance criteria relating only to the Carmila Group. The variable portion of Alexandre de Palmas' compensation will be 80% of his gross fixed compensation received from the Company if 100% of the performance criteria are achieved and up to 120% of his gross fixed compensation received from the Company if 200% of the performance criteria are achieved, with the variable portion adjusted on a linear basis depending on the percentage of performance criteria met.

In respect of the same financial year, the following performance criteria on which his variable compensation paid by the Company are based, were set:

(i) 50% based on general quantifiable criteria (like-for-like growth of rental income for 2019, EPRA Cost Ratio 2019 (excluding vacancy costs), CAGR for 2018 and 2019, growth in recurring earnings per share, and % of centres having obtained BREEAM certification or equivalent at the end of 2019, in % of market value);

(ii) 20% based on individual quantitative criteria (change in vacancy rate, lease renewals, revenues generated by certain businesses, number of local digital marketing campaigns (Kiosk), financial occupancy excluding strategic vacancies and performance criteria for the delivery of the Rennes Cesson extension); and

(iii) 30% based on qualitative criteria (governance and compliance including audit and internal control and CSR, financial communication, innovations and entrepreneurship, the quality of relations with clients and partners and financial liquidity.

Variable compensation received by Alexandre de Palmas in respect of his salaried position at the Carrefour group is determined according to the performance criteria established within the Carrefour group; it may reach a maximum of 200% of the fixed compensation he receives from Carrefour.

At its meeting on 13 February 2020, the Board of Directors noted, upon consultation with the Compensation and Nominating Committee, that 178% of the performance criteria for the variable compensation of Alexandre de Palmas had been met with respect to the general quantitative criteria, 163% had been met with respect to the individual quantitative criteria and at 150% had been met with respect to the individual qualitative criteria, corresponding to an attainment rate of 166% overall.

The annual variable compensation received by Alexandre de Palmas for the 2019 financial year was €133,209, having factored in the date on which he joined the Company.

Compensation awarded in respect of Directorship

On the recommendation of the Compensation and Nominating Committee, the Board of Directors awarded Mr Alexandre de Palmas compensation (formerly attendance fees) of €10,625 for the period from 1 July 2019 to 31 December 2019 in respect of his Directorship, Chairmanship and membership of the Strategic and Investment Committee.

Exceptional compensation

Mr Alexandre de Palmas has not received any exceptional compensation.

Long-term compensation: Stock options, bonus shares and any other long-term compensation (LTI)

No subscription shares or share purchase was awarded to Mr Alexandre de Palmas during the financial year ending 31 December 2019.

Other compensation

Alexandre de Palmas is not eligible to receive any severance indemnity (in respect of voluntary resignation, dismissal, forced resignation or retirement) upon taking up a position or termination of his corporate office within the Company, nor is he eligible to receive any indemnity in respect of a non-compete clause or a supplementary pension plan.

Article 1.6.3 of the Carmila Board of Directors' internal regulations require the Chairman and CEO to hold 10,000 Company shares for the duration of his corporate office.

Alexandre de Palmas holds 11,132 Company shares as of the date of this Universal Registration Document.

BREAKDOWN OF COMPENSATION AWARDED OR PAID DURING THE FINANCIAL YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018 TO ALEXANDRE DE PALMAS, CHAIRMAN AND CEO, CALCULATED PRO RATA ACCORDING TO HIS TERM OF OFFICE (TABLE NO. 2 OF THE AFEP-MEDEF CODE)

	Financial year 2019*		Financial year 2018*	
	Amounts awarded[1]	Amounts paid[2]	Amounts awarded[1]	Amounts paid[2]
Alexandre de Palmas Chairman and CEO from 1 July 2019	Annual basis	Annual basis	Annual basis	Annual basis
Fixed compensation (gross pre-tax base)	€125,000[3]	€125,000[3]	NA	NA
Annual variable compensation	€133,209[4]	NA	NA	NA
Exceptional compensation	NA	NA	NA	NA
Compensation awarded in respect of Directorship	€10,625	NA	NA	NA
Benefits in kind	NA	NA	NA	NA
TOTAL	**€268,834**	**NA**	**NA**	**NA**

** Fixed and variable compensation paid by Carmila.*
(1) Amounts due for the year.
(2) Amounts paid in year n-1.
(3) Pro-rated amount according to his actual presence in the Carmila Group as from 1 July, 2019.
(4) Payment submitted for approval to the Shareholders' Meeting of 29 June 2020.

6.2.1.2 Compensation components and benefits of any kind paid or awarded during 2019

(a) Compensation and other benefits paid or awarded to Géry Robert-Ambroix, Deputy CEO

Géry Robert-Ambroix was appointed Deputy CEO of the Company by the Board of Directors on 12 June 2017. Géry Robert-Ambroix's term of office as Deputy CEO was confirmed at the Board meeting of 26 June 2019, Alexandre de Palmas having been appointed Chairman and CEO.

Géry Robert-Ambroix has a contract of employment with Almia Management, a subsidiary of the Company, for which he is Director of asset valuation and investment.

The fixed and variable compensation amounts are paid by the Carmila Group, in respect of his position of Deputy CEO.

Fixed compensation

With regard to the financial year 2019, Géry Robert-Ambroix's fixed compensation payable by the Group amounts to €350,000.

Annual variable compensation

The variable portion of Géry Robert-Ambroix's compensation amounts to 40% of his gross fixed compensation if 100% of the performance criteria are achieved and up to 80% of his gross fixed compensation if 200% of the performance criteria are achieved, with the variable portion adjusted on a linear basis depending on the percentage of performance criteria achieved.

In respect of the 2019 financial year, the performance criteria on which variable compensation paid are based, were set as follows:

(i) 40% based on general quantifiable criteria (like-for-like growth of rental income for 2019, EPRA Cost Ratio 2019 (excluding vacancy costs), CAGR for 2018 and 2019, growth in recurring earnings per share, and % of centres having obtained BREEAM certification or equivalent at the end of 2019, in % of market value);

(ii) 30% based on individual quantitative criteria (change in vacancy rate, lease renewals, revenues generated by certain businesses, number of local digital marketing campaigns (Kiosk), financial occupancy excluding strategic vacancies and performance criteria for the delivery of the Rennes Cesson extension); and

(iii) 30% based on qualitative criteria (governance and compliance including audit and internal control and CSR, financial communication, innovations and entrepreneurship, the quality of relations with clients and partners and financial liquidity.

At its meeting of 13 February 2020, the Board of Directors noted, upon consultation with the Compensation and Nominating Committee, that the performance criteria for the variable compensation of Géry Robert-Ambroix had been met at 178% with respect to the general quantitative criteria, at 163% with respect to the individual quantitative criteria and at 142% with respect to the individual qualitative criteria, corresponding to an attainment rate of 163% overall.

The annual variable compensation of Géry Robert-Ambroix in respect of the financial year 2019 amounts to €227,644.

Benefits in kind

Géry Robert-Ambroix has use of a company car. This benefit in kind was valued at €2,112 for the 2019 financial year.

Exceptional compensation

Mr Géry Robert-Ambroix has not received any exceptional compensation.

Long-term compensation: Stock options, bonus shares and any other long-term compensation (LTI)

At the meeting of the Board of Directors on 16 May 2019, under the authorisation given by the Shareholders' Meeting the same day and upon the recommendation of the Compensation and Nominating Committee, the Board of Directors voted to award, subject to presence and performance conditions 16,244 preference shares (equivalent of 9 months of salary) to Mr Géry Robert-Ambroix.

A breakdown of the bonus shares awarded to Géry Robert-Ambroix is included in Section 6.2.3 of this Universal Registration Document.

The valuation of the bonus shares awarded to Géry Robert-Ambroix, is set out in the table below:

	Financial year 2019
Value of options granted during the year	NA
Valuation of Carmila shares allocated free of charge in the year (2019 PSP plan dated 16 May 2019)	€211,172
TOTAL	**€211,172**

It should be recalled that under Article 1.6.3 of the Internal Regulations of Carmila's Board of Directors, Deputy CEOs are required to hold 5,000 shares for the duration of their term of office.

Géry Robert-Ambroix held 32,747 Company shares at the time of writing this Universal Registration Document.

Other compensation

Géry Robert-Ambroix is not eligible to receive any severance indemnity (in respect of voluntary resignation, dismissal, forced resignation or retirement) upon termination of his corporate office within the Company, nor is he eligible to receive any indemnity in respect of a non-compete clause or a supplementary pension plan.

However, Géry Robert-Ambroix is party to a non-compete clause in respect of his salaried position as the Company's Director of asset valuation and investment and also benefits from a pension plan for employees of the Carmila Group under the terms of his contract of employment with the company Almia Management, a Company subsidiary. Therefore, he receives a contractual seniority bonus, pegged to the collective bargaining agreement for the real estate sector, a profit-sharing and incentive bonus, as well as a contribution to the Group Savings Plan (PEG/PERCO).

For the 2019 financial year, €28,417 in other compensation was paid.

BREAKDOWN OF COMPENSATION AWARDED OR PAID DURING THE FINANCIAL YEARS ENDING 31 DECEMBER 2019 AND 31 DECEMBER 2018, TO GÉRY ROBERT-AMBROIX, DEPUTY CEO (TABLE NO. 2 OF THE AFEP-MEDEF CODE)

Mr Géry Robert-Ambroix Deputy CEO	Financial year 2019		Financial year 2018	
	Amounts awarded[1]	Amounts paid[2]	Amounts awarded[1]	Amounts paid[2]
Fixed compensation (gross pre-tax base)	€350,000	€350,000	€350,000	€350,000
Annual variable compensation	€227,644	€208,460	€208,460	€221,480[3]
Exceptional compensation	NA	NA	NA	NA
Compensation awarded in respect of Directorship	NA	NA	NA	NA
Benefits in kind (company car)	€2,112	€2,112	2,112	2,112
Other compensation	€28,417	€28,417	NA	NA
TOTAL	**€608,173**	**€588,989**	**€560,572**	**€573,592**

** Fixed and variable compensation paid by Carmila.*
(1) Amounts due for the year.
(2) Amounts paid in year n-1.
(3) Total paid in the reporting periods pre-merger (within Carmila SAS, absorbed company) and post-merger (within Carmila SA, previously Cardety, merging company).

(b) Compensation and other benefits paid or awarded to Sébastien Vanhoove, Deputy CEO

Sébastien Vanhoove was appointed Deputy CEO of the Company at the meeting of the Board of Directors held on 27 July 2018. Mr Sébastien Vanhoove's position of Deputy CEO was confirmed at the Board meeting of 26 June 2019, which appointed Mr Alexandre de Palmas as Chairman and CEO.

Sébastien Vanhoove is Chairman of Carrefour Property France. In this capacity he is responsible for Carrefour Property France and its subsidiaries. He holds an employment contract with Carrefour Management which covers these roles. The Company has entered into a secondment agreement with the Carrefour group under which half of Sébastien Vanhoove's working hours are seconded to the Company and his fixed and variable compensation is charged back to the Company as from 1 August 2018. This secondment agreement was approved by the Shareholders' Meeting of 16 May 2019 under the regulated agreements procedure.

The fixed and variable compensation amounts payable by the Company to Sébastien Vanhoove in respect of his role with the Company are billed by the Carrefour group to the Company, as described here below.

Fixed compensation

One half of the fixed compensation of Sébastien Vanhoove under his employment contract with Carrefour Management is paid by the Company in respect of his operational role within the Company, and the other half is paid by the Carrefour group in respect of his services for Carrefour Property France.

With regard to the financial year 2019, the portion of Sébastien Vanhoove fixed compensation paid by the Company amounts to €135,000 (50%).

Annual variable compensation

Variable compensation received by Sébastien Vanhoove for his role with the Company is determined on the basis of performance criteria relating only to the Carmila Group.

In respect of the financial year 2019, the variable portion of Sébastien Vanhoove's compensation amounts to 40% of his gross fixed compensation paid by the Company if 100% of the performance criteria are achieved, and up to 80% of his gross fixed compensation paid by the Company if 200% of the performance criteria are achieved, with the variable portion adjusted on a linear basis depending on the percentage of performance criteria achieved.

In respect of the 2019 financial year, the performance criteria on which variable compensation paid by the Company are based, are set as follows:

(i) 40% based on general quantifiable criteria (like-for-like growth of rental income for 2019, EPRA Cost Ratio 2019 (excluding vacancy costs), CAGR for 2018 and 2019, growth in recurring earnings per share, and % of centres having obtained BREEAM certification or equivalent at the end of 2019, in % of market value);

(ii) 30% based on individual quantitative criteria (change in vacancy rate, lease renewals, revenues generated by certain businesses, number of local digital marketing campaigns (Kiosk), financial occupancy excluding strategic vacancies and performance criteria for the delivery of the Rennes Cesson extension); and

(iii) 30% based on qualitative criteria (governance and compliance including audit and internal control and CSR, financial communication, innovations and entrepreneurship, the quality of relations with clients and partners and financial liquidity).

The variable compensation received by Sébastien Vanhoove in respect of his operational role with Carrefour, which is paid to him by Carrefour Management will be fixed according to performance criteria established by the Carrefour group.

At its meeting of 13 February 2020, the Board of Directors noted, upon consultation with the Compensation and Nominating Committee, that the performance criteria for the variable compensation of Sébastien Vanhoove had been met at 178% with respect to the general quantitative criteria, at 163% with respect to the individual quantitative criteria and at 142% with respect to the individual qualitative criteria, corresponding to an attainment rate of 163% overall.

The annual variable compensation of Sébastien Vanhoove for the financial year 2019 amounted to €107,318.

Exceptional compensation

Mr Sébastien Vanhoove has not received any exceptional compensation.

Long-term compensation: Stock options, bonus shares and any other long-term compensation (LTI)

At the meeting of the Board of Directors on 16 May 2019, under the authorisation given by the Shareholders' Meeting the same day and upon the recommendation of the Compensation and Nominating Committee, the Board of Directors voted to award, subject to presence and performance conditions 6,962 preference shares (equivalent of 9 months of salary) to Mr Sébastien Vanhoove.

The valuation of bonus shares awarded to Mr Sébastien Vanhoove is set out in the table below:

	Financial year 2019
Value of options granted during the year	NA
Valuation of Carmila shares allocated free of charge in the year (2019 PSP plan dated 16 May 2019)	€90,506
TOTAL	**€90,506**

A breakdown of the bonus shares awarded to Mr Sébastien Vanhoove is included in Section 6.2.3 of this Universal Registration Document.

It should be recalled that under Article 1.6.3 of the Internal Regulations of Carmila's Board of Directors, Deputy CEOs are required to hold 5,000 shares for the duration of their term of office.

Given the recent appointment of Mr Vanhoove, at its meeting of 13 February 2019 the Board of Directors agreed to authorise him to vest a minimum of 1,000 Carmila shares in the run up to the next Shareholders' Meeting and, in accordance with Article 22 of the AFEP-MEDEF Code, to devote 100% of the free allocations of shares from which he is a beneficiary to the achievement of the threshold of 5,000 shares.

Other compensation

Mr Sébastien Vanhoove is also Deputy CEO of Almia Management, a subsidiary of the Company, and receives annual compensation of €30,000 for this position.

Sébastien Vanhoove is not eligible to receive any severance indemnity (in respect of voluntary resignation, dismissal, forced resignation or retirement) upon termination of his corporate office within the Company, nor is he eligible to receive any indemnity in respect of a non-compete clause or a supplementary pension plan.

BREAKDOWN OF COMPENSATION AWARDED OR PAID DURING THE FINANCIAL YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018 TO SÉBASTIEN VANHOOVE, DEPUTY CEO (TABLE NO. 2 OF THE AFEP-MEDEF CODE)

	Financial year 2019*		Financial year 2018*		
	Amounts awarded[1]	Amounts paid[2]		Amounts awarded[1]	Amounts paid[2]
Sébastien Vanhoove Deputy CEO	Annual basis	Annual basis	Annual basis	Prorata temporis as from 1 August 2018	Prorata temporis as from 1 August 2018
Fixed compensation (gross pre-tax base)	€135,000	€135,000	€135,000	€56,250	€56,250
Annual variable compensation	€107,318	€40,948	€98,275	€40,948	NA
Exceptional compensation	NA	NA	NA	NA	NA
Compensation awarded in respect of Directorship	NA	NA	NA	NA	NA
Compensation awarded in respect of term of office as Deputy CEO of Almia Management	€30,000	€ 30,000	€30,000	€10,184	€10,184
Benefits in kind	NA	NA	NA	NA	NA
TOTAL	**€272,318**	**€205,948**	**€233,275**	**€107,382**	**€66,434**

** Fixed and variable compensation paid by Carmila.*
(1) Amounts due in respect of the financial year.
(2) Amounts paid over the year, in respect of year n-1.

6.2.1.3 Summary of compensation paid or awarded to corporate officers

SUMMARY OF COMPENSATION AND STOCK OPTIONS AND SHARES AWARDED TO EACH EXECUTIVE CORPORATE OFFICER (TABLE N°1 OF THE AFEP-MEDEF CODE)

A summary of all components of compensation awarded to executive corporate officers for the financial years ending 31 December 2019 and 31 December 2018 is presented in the table below:

Jacques Ehrmann	Financial year 2019
Fixed compensation *(gross pre-tax base)*	€176,500[1]
Annual variable compensation	€0
Exceptional compensation	NA
Compensation awarded in respect of Directorship	€19,375
Benefits in kind	NA
TOTAL COMPENSATION AWARDED IN RESPECT OF THE FINANCIAL YEAR	**195,875[1]**
Valuation of options granted during the year	NA
Valuation of Carmila preference shares allocated free of charge in the year (PSP of 16 May 2019)	NA
TOTAL	**€195,875**

(1) Pro-rated amount according to his actual presence in the Carmila Group until 30 June 2019.

Alexandre de Palmas	Financial year 2019
Fixed compensation *(gross pre-tax base)*	€125,000[1]
Annual variable compensation	€133,209[2]
Exceptional compensation	NA
Compensation awarded in respect of Directorship	€10,625
Benefits in kind	NA
TOTAL COMPENSATION AWARDED IN RESPECT OF THE FINANCIAL YEAR	**€268,834**
Value of options granted during the year	NA
Valuation of Carmila shares allocated free of charge in the year (2019 PSP plan dated 16 May 2019)	NA
TOTAL	**€268,834**
Relative weight of fixed compensation	**46.49%**
Relative weight of variable compensation	**53.51%**

(1) Pro rata amount based on his effective presence within the Carmila Group as of 1 July 2019.
(2) payment subject to the approval of the General Meeting of 29 June 2020.

Géry Robert-Ambroix	Financial year 2019
Fixed compensation *(gross pre-tax base)*	€350,000
Annual variable compensation	€227,44
Exceptional compensation	NA
Compensation awarded in respect of Directorship	NA
Benefits in kind	€2,112
Other compensation	€28,417
TOTAL COMPENSATION AWARDED IN RESPECT OF THE FINANCIAL YEAR	**€608,173**
Value of options granted during the year	NA
Valuation of Carmila shares allocated free of charge in the year (2019 PSP plan dated 16 May 2019)	€211,172
TOTAL	**€819,345**
Relative weight of fixed compensation	**42.72%**
Relative weight of variable compensation	**57.28%**

Sébastien Vanhoove	Financial year 2019
Fixed compensation *(gross pre-tax base)*	€135,000
Annual variable compensation	€107,318
Exceptional compensation	NA
Compensation awarded in respect of Directorship	NA
Compensation awarded in respect of position of Deputy CEO of Alima Management	€30,000
Benefits in kind	NA
TOTAL COMPENSATION AWARDED IN RESPECT OF THE FINANCIAL YEAR	**€272,318**
Value of options granted during the year	NA
Valuation of Carmila shares allocated free of charge in the year (2019 PSP plan dated 16 May 2019)	€90,506
TOTAL	**€362,824**
Relative weight of fixed compensation	**37.2%**
Relative weight of variable compensation	**62.8%**

SUMMARY OF EXECUTIVE CORPORATE OFFICERS' INDEMNITIES AND/OR BENEFITS FOR THE 2019 FINANCIAL YEAR (TABLE NO. 11 OF THE AFEP-MEDEF CODE)

	Contract of employment with the Company		Supplemental pension plan		Compensation or benefits due or likely to be due in the event of termination or change of position		Compensation under a non-compete clause	
Executive Corporate Officers	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Jacques Ehrmann Chairman and CEO until 30 June 2019 First appointed: 12 June 2017		√(1)		√		√		√
Alexandre de Palmas Chairman and CEO from 1 July 2019 First appointed: 1 July 2019 End of term of office: Shareholders' Meeting to approve the 2020 financial statements		√(1)		√		√		√
Sébastien Vanhoove Deputy CEO First appointed: 27 July 2018 End of term of office: Shareholders' Meeting to approve the 2020 financial statements		√(1)		√		√		√
Géry Robert-Ambroix Deputy CEO First appointed: 12 June 2017 End of term of office: Shareholders' Meeting to approve the 2020 financial statements		√(2)		√		√(3)		√(3)

(1) Jacques Ehrmann, Alexandre de Palmas et and Sébastien Vanhoove are/were each party to an employment contract with the Carrrefour group.
(2) Géry Robert-Ambroix is party to an employment contract with Almia Management, a subsidiary of the Company.
(3) However, Géry Robert-Ambroix has a non-compete clause in respect of his position as the Company's Director of Portfolio Valuation and benefits from a Carmila Group employee pension plan under the terms of his employment contract with Almia Management, a subsidiary of the Company.

6.2.1.4 Equity ratios (Article L. 225-37-3 of the French Commercial Code)

In accordance with the provisions of Article L. 225-37-3 of the French Commercial Code, this report presents information on the ratios between the level of compensation of the Chairman and CEO as well as each Deputy CEO and mean compensation of full-time equivalent jobs.

Since Carmila SA has no employees, it was not possible to include it when calculating equity ratios. Consequently, the relevant scope included Almia Management, the company regrouping all the french workforce, in line with the provisions of recommendation 26.2 of the AFEP-MEDEF Code.

The Company having been the result of a merger of Carmila SAS and Cardety, on 12 June 2017 a proposal was made for equity ratio figures to cover a three-year period: 2017, 2018 and 2019 since the years prior to 2017 cannot be considered to be representative.

The chosen scope only includes full-time employees with a French permanent employment contract present 12 months over each year analysed.

The various ratios were calculated on the basis of gross compensation awarded in respect of the financial year in question and include fixed compensation and variable compensation awarded in respect of the financial year, profit-sharing and incentive premiums, free shares and preference shares plans in the year they were attributed, at their attribution value and related social charges.

With regards to senior executives, and insofar as there was a change of Deputy CEO in 2018, and a change of Chairman and CEO in 2019, equity ratios are presented by position, i.e. one Chairman and CEO and two Deputy CEOs, rather than in nominative form.

The calculation of the equity ratio is subject to any adjustments recommended in the AFEP-MEDEF Code and take into account any legislative or regulatory changes applicable.

	2019	2018	2017
Chairman and CEO[1] Compensation due for financial years			
Ratio – Mean compensation	4.21	12.61	12.35
Ratio – Median compensation	5.16	15.79	17.30
Deputy CEO 1[2] Compensation due for financial years			
Ratio – Mean compensation	7.91	8.61	7.68
Ratio – Median compensation	9.70	10.78	10.76
Deputy CEO 2[3] Compensation due for financial years			
Ratio – Mean compensation	3.50	3.76	3.85
Ratio – Median compensation	4.30	4.71	5.39

(1) The position of Chairman and CEO was held by Jacques Ehrmann for FY 2017, 2018 and until 30 June 2019, then by Alexandre de Palmas from 1 July 2019.
(2) The position of Deputy CEO 1 was held by Géry Robert-Ambroix for the three financial years presented.
(3) The position of Deputy CEO 2 was held by Yves Cadélano for 2017, and until July 2018, then by Sébastien Vanhoove, from that date.

The significant drop in 2019 in the ratio for the Chairman and Chief Executive Officer is mainly linked to the change of corporate officer during the year which had a double effect: the non-perception by Mr. Jacques Ehrmann, outgoing Chairman and Chief Executive Officer, of variable compensation for the year due to his departure and the receipt by Mr. Alexandre de Palmas of variable compensation pro rata temporis and fixed compensation lower than that of his predecessor. Finally, the 2019 ratio does not incorporates any preference shares plan for the Chairman and Chief Executive Officer, Mr. Jacques Ehrmann having lost his rights to the 2019 plan and Mr. Alexandre de Palmas having not benefited from it not having yet his position in the Company on the date of granting of said plan.

6.2.1.5 Compensation and benefits in kind paid in or awarded in respect of 2019 to the members of the Board of Directors

The maximum total annual compensation that can be awarded to members of the Board of Directors was set at €350,000 by the Shareholders' Meeting of 16 May 2019.

Directors' compensation includes a fixed amount, calculated on a prorata temporis basis for terms of office having ended or begun in the financial year and a variable amount allocated by the Board of Directors based on actual attendance at Board and Committee meetings. In accordance with the AFEP-MEDEF Code, the variable component of Board members' compensation is preponderant.

The terms for allocating compensation among members of the Board of Directors are as follows:

- for the Board of Directors:
  - €5,000 in fixed compensation is paid per Director,
  - variable compensation of €10,000 according to actual attendance at Board meetings and time spent on Board work,
  - compensation of €10,000 is paid to the Lead Independent Director;
- for the Committees:
  - €5,000 in fixed compensation is paid per Director,
  - variable compensation of €10,000 according to actual attendance at Committee meetings and time spent on Committee work,
  - annual sum of €10,000 for the Chairman of the Audit Committee and €10,000 for the Chairman of the Compensation and Nominating Committee;
- for Non-voting Directors: a reallocation, from the total compensation allocated by the General Shareholders' Meeting, of:
  - a total fixed annual sum of €5,000,
  - a variable sum of €10,000 for each Board meeting attended.

The table below summarises all compensation awarded and paid to Board members in respect of the 2018 and 2019 financial years, including members whose term of office ended during the financial year:

	2019 financial year		2018 financial year	
(gross amounts in euros)	Amounts awarded[1]	Amounts paid[2]	Amounts awarded[1]	Amounts paid[2]
Alexandre de Palmas				
Compensation (fixed, variable)	10,625,00[3]	NA	NA	NA
Other compensation	NA	NA	NA	NA
Jacques Ehrmann				
Compensation (fixed, variable)	19,375,00[4]	30,000.00	30,000.00	33,919.17
Other compensation	NA	0	NA	0
Sogecap repesented by Yann Briand				
Compensation (fixed, variable)	28,333.33	28,750.00	28,750.00	12,187.50
Other compensation	NA	0	NA	0
Predica represented by Emmanuel Chabas				
Compensation (fixed, variable)	Renunciation	30,000.00	30,000.00	15,187.50
Other compensation	NA	0	NA	0
Marie Cheval				
Compensation (fixed, variable)	Renunciation	Renunciation	Renunciation	Renunciation
Other compensation	NA	0	NA	0
Axa Reim France represented by Amal Del Monaco				
Compensation (fixed, variable)	Renunciation	Renunciation	Renunciation	Renunciation
Other compensation	NA	0	NA	0
Séverine Farjon				
Compensation (fixed, variable)	40,000.00	40,000.00	40,000.00	45,476.19
Other compensation	NA	0	NA	0
Maria Garrido				
Compensation (fixed, variable)	28,750.00	22,500.00	22,500.00	NA
Other compensation	NA	0	NA	0
Olivier Lecomte				
Compensation (fixed, variable)	65,000.00	65,000.00	65,000.00	39,866.07
Other compensation	NA	0	NA	0
Laurent Luccioni				
Compensation (fixed, variable)	Renunciation	Renunciation	Renunciation	Renunciation
Other compensation	NA	0	NA	0
Nadra Moussalem				
Compensation (fixed, variable)	28,750.00	27,500.00	27,500.00	17,187.50
Other compensation	NA	0	NA	0
Claire Noël du Payrat				
Compensation (fixed, variable)	Renunciation	Renunciation	Renunciation	Renunciation
Other compensation	NA	0	NA	0
Cardif Assurance Vie represented by Nathalie Robin				
Compensation (fixed, variable)	30,000.00	30,000.00	30,000.00	17,187.50
Other compensation	NA	0	NA	0
Laurent Vallée				
Compensation (fixed, variable)	Renunciation	Renunciation	Renunciation	Renunciation
Other compensation	NA	0	NA	0
Francis Mauger				
Compensation (fixed, variable)	Renunciation	Renunciation	Renunciation	Renunciation
Other compensation	NA	0	NA	0
Laurent Fléchet				
Compensation (fixed, variable)	13,750.00	10,000.00	10,000.00	10,090.91[5] 14,658.01[6]
Other compensation	NA	NA	NA	NA
Pedro Antonio Arias				
Compensation (fixed, variable)	11,250.00	7,500.00	7,500.00	8,705.36
Other compensation	NA	NA	NA	NA

(1) Amounts owed based on actual attendance during the financial year.
(2) Amounts paid during the financial year.
(3) Amounts calculated since the appointment of Alexandre de Palmas, i.e. from 1 July 2019 to 31 December 2019. Amounts paid in respect of his term of office as Chairman of the Board of Directors (excludes compensation paid in respect of his executive functions as CEO, which are described in paragraph 6.2.1.1.b.).
(4) Amounts calculated for the period preceding the departure of Mr Jacques Ehrmann, i.e. for the period from 1 January 2019 to 30 June 2019.
(5) In respect of Directorship.
(6) In respect of term as a Non-Voting Director.

6.2.2 Compensation policies applicable to corporate officers for the 2020 financial year subject to the approval of shareholders (L. 225-37-2 of the French Commercial Code)

6.2.2.1 Setting, reviewing and implementing the compensation policy

(a) General principles for setting, implementing and applying the compensation policy applicable to corporate officers

Setting the compensation policy

The compensation policy applicable to all executive corporate officers is set by the Board of Directors based on the recommendations of the Compensation and Nominating Committee, and put to a vote at the Shareholders' Meeting. In accordance with the provisions of Carmila's Internal Regulations, the Compensation and Nominating Committee has powers to make any proposals relating to the compensation policy applicable to the Chairman and CEO.

In terms of the compensation of Deputy CEOs, Chairman and CEO proposes the compensation policy to the Compensation and Nominating Committee which reviews it before making a recommendation to the Board of Directors.

Finally, upon the recommendation of the Compensation and Nominating Committee, each year the Board of Directors agrees the allocation of compensation to Members of the Board of Directors, within the budget approved by the Shareholders' Meeting and taking into account any waivers and attendance at meetings of the Board and any Committees on which they sit.

The principles governing compensation awarded to executive corporate officers are set in accordance with the requirements of the AFEP-MEDEF Code to which the Company refers. As such, the Board of Directors ensures that the compensation awarded to executive corporate officers reflects the Group's strategy in order to promote the Company's medium and long-term performance and competitiveness and acting responsibly in the interest of the company and stakeholders.

The Compensation Policy was discussed and approved by the Board of Directors at its meetings on 13 February 2020 and 2 April 2020, upon the recommendations of the Compensation and Nominating Committee and in accordance with the provisions of Articles L. 225-37-2, L. 225-37-3 and L. 225-100 of the French Commercial Code.

Review of the compensation policy

The compensation policy is reviewed each year by the Board of Directors upon the recommendation of the Compensation and Nominating Committee.

The Compensation and Nominating Committee ensures that compensation awarded to executive corporate officers is competitive and as such may refer to studies of comparable companies or the opinions of external firms.

In undertaking this review, the Compensation and Nominating Committee takes into account the compensation and employment terms of the Company's employees in order to make recommendations and proposals to the Board of Directors.

Moreover, the Compensation and Nominating Committee ensures that the performance criteria set reflect the Company's strategy and, in the case of qualitative criteria, specific duties related to these.

Implementation of the compensation policy

The compensation policy is implemented by the Board of Directors in accordance with the resolutions passed by the Shareholders' Meeting. Each year, after the Company's financial statements have been approved the company the Board of Directors draws on the recommendations of the Compensation and Nominating Committee to set objectives linked to each of the performance criteria on which the annual variable compensation of the Chairman and CEO and Deputy CEO is based. It also sets targets as well as maximum and minimum objectives so that the amount of variable compensation can be adjusted upwards or downwards according to the performance criteria set.

Drawing on the recommendations of the Compensation and Nominating Committee and following the authorisation of the Shareholders' Meeting, the Board of Directors sets the terms of long-term compensation awarded to corporate officers in the form of bonus shares or preference shares based on the Company's performance and ambitions.

In accordance with the provisions of Article L.225-37-2 III of the Commercial code, the Board of Directors, after Remuneration and Nomination Committee has advised on the matter, may decide not to apply the compensation policy concerning annual fixed compensation, annual variable remuneration and long-term compensation, and in particular the performance criteria and conditions, in the event of exceptional circumstances if this derogation remains temporary, in accordance with the company's interests and necessary to guarantee the company's continuity or viability.

Managing conflicts of interest

The Company adheres to the conditions set out in the AFEP-MEDEF Code on managing conflicts of interest. As such, in accordance with the provisions of Article 16.6 of the Company's Internal Regulations, any situation liable to result in a conflict of interest must be brought to the attention of the Board of Directors and may be investigated by the Lead Independent Director in particular.

In the event that a conflict of interest is unavoidable, the corporate officer abstains from taking part in discussions and any decision-making relating to the matters in question.

(b) Application of the compensation policy applicable to corporate officers

Appointment of new corporate officers

If a new Chairman and CEO is appointed, the compensation policy applicable to the current Chairman and CEO will be applied and any additional duties assigned by the Board of Directors.

If a new Deputy CEO is appointed, the compensation policy applicable to Deputy CEOs will be applied.

However, the specific circumstances of each corporate officer and the responsibilities of their position may be taken into account by the Board of Directors, as proposed by the Compensation and Nominating Committee.

If a new Director or Non-Voting Director is appointed, the compensation policy applicable to current Members of the Board of Directors will be applied.

Performance criteria evaluation method

The performance criteria applied to the variable compensation awarded to corporate officers and long-term compensation are measurable. Performance criteria are based on financial and non-financial criteria, the achievement of which is audited by the Statutory Auditors during the audit of the financial statements, but also of the Company's non-financial performance statement for the year in question.

(c) Compensation policy modifications

The compensation policy approved by the Shareholders' Meeting of 16 May 2019 must be modified in order to take into account a number of events that have taken place since the last meeting:

- the resignation of Jacques Ehrmann, Chairman and CEO, effective from 30 June 2019;
- the introduction of a compensation policy applicable to Deputy CEOs and Members of the Board of Directors;
- the publication of an order and of the decree dated 27 November 2019 on the compensation of corporate officers of listed companies.

The Board of Directors has factored in the most recent shareholder votes on the compensation policy since, unless there are modifications to the aforementioned compensation policy, the structure of all components of compensation is comparable to that approved by shareholders, 96.9% of whom voted in favour of the 12th resolution at the annual Shareholders' Meeting of 16 May 2019.

6.2.2.2 Compensation policy applicable to the Chairman and CEO for 2020

Fixed compensation

Mr. Alexandre de Palmas is the Executive Director of the Carrefour Group in charge of proximity, under an employment contract with Carrefour. A secondment agreement has been signed between Carrefour and the Company, under which Mr. Alexandre de Palmas is made available to the Company for half of his time, with his fixed and variable compensation being billed as of July 1st, 2019. This secondment agreement will be submitted for approval to the General Shareholders' Meeting on June 29th, 2020 under the regulated agreements procedure.

Fixed compensation amounts paid by the Company in respect of the role of the Chairman and CEO of the Company are billed by Carrefour to the Company, according to the guidelines set out above.

Pursuant to the aforesaid guidelines, in respect of the financial year 2020, the portion of fixed compensation of the Chairman and CEO paid by the Company amounts to €250,000.

Variable compensation

Calculation methods

Variable compensation received by the Chairman and CEO in respect of his services to the Company is determined by the Board of Directors of the Company, following consultation with the Compensation and Nominating Committee and based on performance criteria. The variable portion of the compensation of the Chairman and CEO will be 80% of his gross fixed compensation received from Carmila, if 100% of the performance criteria are achieved, and up to 120% of his gross fixed compensation received from the Company if 200% of the performance criteria are achieved, with the variable portion adjusted on a linear basis depending on the percentage of performance criteria met.

In respect of the 2020 financial year, the performance criteria on the basis of which the variable compensation payable by the Company is set by the Company's Board of Directors, upon the recommendation of the Compensation and Nominating Committee, are as follows:

(i) 50% based on general quantifiable criteria (like-for-like growth of 2020 net rental income, 2020 EPRA Cost Ratio (excluding vacancy costs), growth in recurring earnings per share, and % of centres having obtained BREEAM certification or equivalent at the end of 2020, in % of market value);

(ii) 20% based on individual quantitative criteria (change in vacancy rate, revenues generated by certain businesses, financial occupancy excluding strategic vacancies and performance criteria for the delivery of the Nice Lingotière extension and project pipeline authorisation); and

(iii) 30% based on qualitative criteria (governance and compliance including audit and internal control and CSR, financial communication, innovations and entrepreneurship, the quality of relations with clients and partners and financial policy).

Payment terms

The payment of variable compensation is conditional upon the approval of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2020.

Exceptional compensation

The Chairman and CEO may not receive exceptional compensation, unless under specific circumstances related to transactions that have a structural impact on the Company.

The payment of exceptional compensation shall be, in any case, conditional upon the approval of the Shareholders' meeting called to approve the financial statements for the year ending 31 December 2020.

Compensation awarded in respect of Directorship

As a Director and Committee member, the Chairman and CEO is entitled to compensation based on the same rules set by the compensation policy applicable to Board members.

Valuation of benefits in kind

The Chairman and CEO is entitled to benefits in kind.

Stock options, free shares and any other long-term compensation

The Chairman and CEO may be awarded bonus shares or preference shares, as decided by the Board of Directors and after the Compensation and Nominating Committee has advised on the matter, up to the limit of the authorisations granted by the Shareholders' meeting.

In addition to the authorisation granted on 16 May 2018 and 16 May 2019 by the Shareholders' Meeting to authorise the Board of Directors to award existing or newly issued bonus shares to employees and corporate officers or some of them, it is proposed to the annual Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2019 to give the Board the authorisation to award preference shares ("D Shares") to employees and corporate officers, convertible into existing or newly issued ordinary shares of the Company.

Termination of service indemnity - Severance payment

The Chairman and CEO does not benefit from any severance payment in respect of the termination of his role as Chairman and CEO of the Company.

Non-compete indemnity

The Chairman and CEO does not benefit from any non-compete indemnity respect of the termination of his role as Chairman and CEO of the Company.

Supplemental pension plan

The Chairman and CEO does not benefit from any supplemental pension plan in respect of his role as Chairman and CEO of the Company.

6.2.2.3 Compensation policy applicable to the Deputy CEOs for 2020

(a) Compensation policy applicable to Mr Géry Robert-Ambroix, Deputy CEO

Fixed compensation

Mr. Géry Robert-Ambroix was appointed on June 12, 2017, by the Board of Directors as Deputy CEO of the Company. The term of office as Deputy CEO of Mr Géry Robert-Ambroix was confirmed on the Board of Director's meeting on e June 26, 2019, having appointed Mr Alexandre de Palmas as Chairman and CEO.

Géry Robert-Ambroix is also the Company's Director of asset valuation and investment, under an employment contract with Almia Management, a subsidiary of the Company.

Fixed and variable compensation amounts are paid by the Carmila group, in respect of his services of Deputy CEO.

Pursuant to these guidelines, with regard to the 2020 financial year, Géry Robert-Ambroix's fixed compensation in respect of his operational role amounts to €350,000 per annum.

Variable compensation

The variable portion of Géry Robert-Ambroix's compensation in respect of his role as the Company's Director of asset valuation and investment, under an employment contract with Almia Management, a subsidiary of the Company, amounts to 40% of his gross fixed compensation if 100% of the performance criteria are achieved and up to 80% of his gross fixed compensation if 200% of the performance criteria are achieved, with the variable portion adjusted on a linear basis depending on the percentage of performance criteria achieved.

In respect of the 2020 financial year, the performance criteria on the basis of which the variable compensation payable by the Company is set by the Company's Board of Directors, upon the recommendation of the Compensation and Nominating Committee, are as follows:

(i) 40% based on general quantifiable criteria (like-for-like growth of 2020 net rental income, 2020 EPRA Cost Ratio (excluding vacancy costs), growth in recurring earnings per share, and % of centres having obtained BREEAM certification or equivalent at the end of 2020, in % of market value);

(ii) 30% based on individual quantitative criteria (change in vacancy rate, revenues generated by certain businesses, financial occupancy excluding strategic vacancies and performance criteria for the delivery of the Nice Lingotière extension and project pipeline authorisation); and

(iii) 30% based on qualitative criteria (governance and compliance, financial communication, and investor relations, business development, acquisitions and financial policy).

Exceptional compensation

Mr. Géry Robert-Ambroix may not receive exceptional compensation, unless under specific circumstances related to transactions that have a structural impact on the Company.

Valuation of benefits in kind

As the Company's Director of asset valuation and investment, with an employment contract with Almia Management, a subsidiary of the Company, Mr Robert-Ambroix has a company car.

Stock options, free shares and any other long-term compensation

Géry Robert-Ambroix may be awarded bonus shares or preference shares, as decided by the Board of Directors and after the Compensation and Nominating Committee has advised on the matter, up to the limit of the authorisations granted by the Shareholders' Meeting.

In addition to the authorisation granted on 16 May 2018 and 16 May 2019 by the Shareholders' Meeting to authorise the Board of Directors to award existing or newly issued bonus shares to employees and corporate officers, or some of them, it is proposed to the annual Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2019 to give the Board the authorisation to award preference shares ("**D Shares**") to employees and corporate officers, convertible into existing or newly issued ordinary shares of the Company.

Termination of service indemnity - Severance payment

Géry Robert-Ambroix does not benefit from any severance payments in respect of the termination of his corporate office within the Company.

Non-compete indemnity

Géry Robert-Ambroix does not benefit from any non-compete indemnity in respect of the termination of his corporate office within the Company.

However, Géry Robert-Ambroix is party to a non-compete clause in respect of his salaried position as the Company's Director of asset valuation and investment and also benefits from a pension plan for employees of the Carmila Group under the terms of his contract of employment with the company Almia Management, a Company subsidiary.

Supplemental pension plan

Géry Robert-Ambroix does not benefit from a supplementary pension plan in respect of his corporate office within the Company.

Other Compensation

In connection with his employment agreement with Almia Management, a subsidiary of the Company, he benefits from a contractual seniority bonus, due to his affiliation to the national real estate collective bargaining convention (Convention collective nationale de l'immobilier) a profit-sharing and incentive bonus, as well as a contribution to the Group Savings Plan (PEG/PERCO).

(b) Applicable to Mr Sébastien Vanhoove, Deputy CEO

Fixed compensation

On July 27, 2018, Mr Sébastien Vanhoove has been appointed by the Board of Directors as Deputy CEO of the Company.

The term of office of Mr. Sébastien Vanhoove as Deputy CEO was confirmed at the Board meeting of June 26, 2019, which appointed Mr. Alexandre de Palmas as Chairman and CEO.

Mr Sébastien Vanhoove is Chairman of Carrefour Property France. In this capacity, he is responsible for Carrefour Property France and its subsidiaries. He benefits from an employment agreement with Carrefour Management, which defines these functions. A secondment agreement has been concluded between the Carrefour Group and the Company under which Mr. Sébastien Vanhoove is made available to the Company for half of his time with re-billing of his fixed and variable remuneration as of August 1, 2018. This agreement was approved by the Shareholders' Meeting on May 16, 2019 under the procedure for regulated agreements.

The amounts of fixed and variable compensation paid by the Company in respect of his services within the Company are billed by the Carrefour Group to the Company, according to the guidelines set out above.

Pursuant to the aforesaid guidelines, in respect of the financial year 2020, the portion of fixed compensation of Mr. Sébastien Vanhoove, paid by the Company amounts to 165,000 euros.

Variable compensation

The variable portion of the compensation of the Deputy CEO will be 40% of his gross fixed compensation received from Carmila, if 100% of the performance criteria are achieved, and up to 80% of his gross fixed compensation received from the Company if 200% of the performance criteria are achieved, with the variable portion adjusted on a linear basis depending on the percentage of performance criteria met.

In respect of the 2020 financial year, the performance criteria on the basis of which the variable compensation payable by the Company is set by the Company's Board of Directors, upon the recommendation of the Compensation and Nominating Committee, are as follows:

(i) 40% based on general quantifiable criteria (like-for-like growth of 2020 net rental income, 2020 EPRA Cost Ratio (excluding vacancy costs), growth in recurring earnings per share, and % of centres having obtained BREEAM certification or equivalent at the end of 2020, in % of market value);

(ii) 30% based on individual quantitative criteria (change in vacancy rate, revenues generated by certain businesses, financial occupancy excluding strategic vacancies and performance criteria for the delivery of the Nice Lingotière extension and project pipeline authorisation); and

(iii) 30% based on qualitative criteria (letting activities and retail brand relations, delivery of project pipelines and administrative authorisations, the quality of relations with Carrefour, local and regional stakeholder relations, client satisfaction).

The variable compensation received by Sébastien Vanhoove in respect of his operational role with Carrefour, which is paid to him by Carrefour Management is fixed according to performance criteria established by the Carrefour group.

Exceptional compensation

Mr. Sébastien Vanhoove may not receive exceptional compensation, unless under specific circumstances related to transactions that have a structural impact on the Company.

Valuation of benefits in kind

Mr Sébastien Vanhoove, as Deputy CEO, is entitled to receive benefits in kind.

Stock options, free shares and any other long-term compensation

Mr Sébastien Vanhoove may be awarded bonus shares or preference shares, as decided by the Board of Directors and after the Compensation and Nominating Committee has advised on the matter, up to the limit of the authorisations granted by the Shareholders' Meeting.

In addition to the authorisation granted on 16 May 2018 and 16 May 2019 by the Shareholders' Meeting to authorise the Board of Directors to award existing or newly issued bonus shares to employees and corporate officers, or some of them, it is proposed to the annual Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2019 to give the Board the authorisation to award preference shares ("**D Shares**") to employees and corporate officers, convertible into existing or newly issued ordinary shares of the Company.

Termination of service indemnity: Severance payment

Sébastien Vanhoove was not awarded any severance pay in respect of the termination of his role within the Company.

Non-compete indemnity

Sébastien Vanhoove does not benefit from any non-compete indemnity in respect of the termination of his role within the Company.

Supplemental pension plan

Sébastien Vanhoove does not benefit from a supplementary pension plan in respect of his corporate office within the Company.

6.2.2.4 Compensation policy applicable to Members of the Board of Directors for 2020

In accordance with the Internal Regulations of the Board of Directors, the compensation paid to each Director and Non-Voting Director or to each Committee member, up to a limit approved by the Company's General Shareholders' Meeting, are established by the Board of Directors, upon recommendation by the Compensation and Nominating Committee, and includes i) a fixed amount, calculated on a pro rata basis for terms of office having ended or begun in the financial year and ii) a variable amount, allocated by the Board of Directors based on actual attendance at Board and Committee meetings.

In accordance with the recommendations of the AFEP-MEDEF Code, the variable component of Directors' compensation is preponderant.

This compensation reflects the level of responsibility of the Directors and the time their work requires. This amount was set in reference to comparable companies.

The roles of the Chairmen of the Audit Committee and of the Compensation and Nominating Committee carry additional entitlement to compensation, depending on their actual presence at the respective meetings.

The maximum total annual compensation that can be awarded to members of the Board of Directors was set at €350,000 by the Shareholders' Meeting of 16 May 2019. In light of the creation of a new CSR Committee and the resulting increase in the number of meetings attended by Directors, a proposal will be made at the next Shareholders' Meeting to modify the maximum total annual amount of compensation that can be awarded to members of the Board of Directors, bringing it to 420,000, from the 2020 financial year.

The methods for allocating compensation among members of the Board of Directors are described in Section 6.2.1.5 of this Universal Registration Document.

Each year, at the meeting of the Board of Directors in which decisions relating to allocation methods are made, each Director may waive any compensation payable in respect of Board membership.

6.2.3 Presentation of bonus performance and preference share allocation plan

6.2.3.1 Summary of the current bonus share allocation plans

Name of plan	Performance Plan 2017	PSP Plan 2018 no. 1	PSP Plan 2018 no. 2	PSP Plan 2019
Date of Carmila meeting[1]	14/04/2016	16/05/2018	16/05/2018	16/09/2019
Date of allocation by Carmila	12/06/2017	16/05/2018	24/10/2018	16/09/2019
Number of beneficiaries	32	47	1	46
Number of Carmila shares allocated at the start of the plan	96,988	125,746	7,537	144,906
• Jacques Ehrmann	20,764	22,804	NA	NA
• Alexandre de Palmas	NA	NA	NA	NA
• Géry Robert-Ambroix	10,294	15,073	NA	16,244
• Sébastien Vanhoove	NA	NA	7,537	6,962
• Other employees	60,783	80,332	NA	121,700
Residual number of shares to allocate as at 31/12/2019	36,138	112,611	7,537	140,806
Issue date and vesting date of the preference shares	NA	16/05/2019	24/10/2019	16/05/2020
Vesting date(s)	12/06/2019: Employees 50% 12/06/2020: Employees 50% and corporate officers 100%	16/05/2021	24/10/2021	16/05/2022
Availability date	12/06/2019 Employees 50% 12/06/2020 Employees 50%/ Corporate officers 100%	16/05/2021	24/10/2021	16/05/2022

(1) Carmila SA for dates prior to 12 June 2017 inclusive.

6.2.3.2 Assumption by the Company of the performance share plan (2017 Performance Share Plan)

Carmila SAS, the target of the merger by absorption by the Company upon the Merger on 12 June 2017, had set up a free share plan in 2017, prior to the merger, for the benefit of its senior executives and certain other salaried staff:

Pursuant to the delegation granted by the Shareholders' Meeting of Carmila SAS on 14 April 2016, a new free share allocation took place on 12 June 2017, prior to the Merger, for the benefit of senior executives and selected employees of the Carmila Group, involving a total number of 290,993 shares, including:

(i) 62,294 shares granted to Jacques Ehrmann;
(ii) 15,441 shares granted to Yves Cadélano; and
(iii) 30,882 shares granted to Géry Robert- Ambroix,

corresponding to respective grants of 20,764, 5,147 and 10,294 shares in the Company once the Merger exchange ratio (one Cardety share for three Carmila SAS shares) had been taken into account.

This share plan stipulates (i) continued presence in the Company at the end of each vesting period, and (ii) the following performance criteria:

- for the financial year 2018, (i) improvement in the Group's total yield in 2018 (corresponding to the year-on-year improvement in the triple adjusted net asset value (NNNAV EPRA) and including dividend discounts for the same year), compared to a panel of comparable real estate companies; and (ii) improvement in the consolidated "Recurring Earnings Per Share" of the Carmila Group in 2018 relative to the subscription price of the July 2017 capital increase, i.e. €24; and
- for the financial year 2019, (i) improvement in the Group's total yield in 2019 (corresponding to the year-on-year improvement in the triple adjusted net asset value (NNNAV EPRA) and including dividend discounts for the same year), compared to a panel of comparable real estate companies; and (ii) improvement in the consolidated "Recurring Earnings Per Share" of the Carmila Group in 2019 relative to the subscription price of the July 2017 capital increase, i.e. €24.

Pursuant to applicable law and the associates' decision of 12 June 2017, as of the date of the Merger, the Company is automatically substituted for Carmila SAS, the absorbed entity, with respect to its obligations to the beneficiaries of free shares.

6.2.3.3 2018 Bonus preference share plans no. 1 and 2

In the 2018 financial year, following a decision by the Board of Directors on 16 May 2018, the Company introduced a new plan in the form of the allocation of bonus preference shares that can ultimately be converted into ordinary shares provided performance criteria (described below) are met.

This plan, for senior executives and employees, represents a total of 125,746 preference shares, of which:

(i) 22,804 preference shares allocated to Jacques Ehrmann;
(ii) 7,537 preference shares to Yves Cadelano; and
(iii) 15,073 preference shares to Géry Robert-Ambroix.

It stipulates (i) continued presence in the Company at the end of each vesting period, and (ii) the following performance criteria:

- change in the total shareholder return (corresponding to the year-on-year change in the adjusted triple net asset value (NNNAV) from 31 December 2017 to 31 December 2020 after reintegration of distributions during the period) compared to a panel of comparable real estate companies;

- average annual growth in recurring earnings per share (corresponding to the average annual growth, expressed as a percentage, of recurring earnings per share of Carmila for the year ended 31 December 2020 compared with the recurring earnings per share of Carmila for the year ended 31 December 2017, calculated on the number of shares outstanding at 31 December 2017); and
- the difference between the 2020 share price (corresponding to the average of the closing prices of the Carmila shares during the last 40 trading days of the 2020 financial year, restated for the possible distribution of a deposit during the period) and the triple net EPRA NAV at 31 December, 2019.

Furthermore, a new allocation was granted, based on the total number of shares approved by the Shareholders' Meeting of 16 May 2018, in favour of a single beneficiary. An additional plan with specific vesting/holding periods was approved on 24 October 2018 by the Board of Directors which decided to grant 7,537 preference shares to Sébastien Vanhoove, subject to the same conditions of continued presence and performance as those governing the bonus preference share plan approved on 16 May 2018 and referred to above. Yves Cadelano lost his rights to the allocation of the same number of preference shares following his departure on 31 July 2018.

Jacques Ehrmann retained his rights to the 22,804 Preference Shares ("B Shares") received on 16 May 2019, under the provisions of the 2018 Preference Share Plan, allocated by the Board meeting on the same day. However, he lost his rights to any other bonus or preference share plans in respect of his office that had not been vested or converted into ordinary shares.

6.2.3.4 2019 Bonus preference share plan

During 2019, following a decision taken by the Board of Directors on 16 May 2019, the Company established a new share plan in the form of bonus preference shares convertible into ordinary shares, awarded to the Company's senior executives and employees according to the achievement of given performance criteria (described below), involving a total of 144,906 preference shares, including the allocation of:

(i) 6,962 preference shares to Sébastien Vanhoove; and

(ii) 16,244 preference shares to Géry Robert-Ambroix.

This plan stipulates (i) continued presence in the Company at the end of each vesting period, and (ii) the following performance criteria:

- change in the total shareholder return (corresponding to the year-on-year change in the adjusted triple net asset value (NNNAV) from 31 December 2018 to 31 December 2021, after the reintegration of the distributions during the period) compared to a panel of comparable real estate companies;
- the annual growth in recurrent earnings per share for years 2019, 2020 and 2021 compared with the growth commitment made to the financial markets by the Company at the start of each year upon on the publication of company results for year n-1;
- the percentage of appraisal value, fees included, of assets in the Company's portfolio for which environmental certification was obtained as of 31 December 2021;
- change in the total shareholder return (TSR) corresponding to the change in the Company's stock-exchange price over the vesting period compared with that of a panel of comparable listed property companies; Carmila's TSR will be calculated based on the average prices at closing in the last 40 trading days in the 2021 financial year to which will be added any distributions between 1 January 2019 and 31 December 2021, to the closing price on 31 December 2018, i.e. €16.16.

The maximum total number of ordinary shares that may be created as a result of the conversion of preference shares granted under these two plans may not represent more than 0.09% of the share capital of the Company at the date of the Shareholders' Meeting of 16 May 2019 and more than 0.04% for the share allocated to executive corporate officers.

6.2.3.5 Obligation for executive corporate officers to retain bonus shares and obligation for executive corporate officers to hold Company shares

Executive corporate officers are subject to an obligation to keep free shares. The Board of Directors decided, at its meeting of 12 June 2017, to renew the terms set in 2016 and to set the retention obligations as follows:

- for the Chairman and Chief Executive Officer: 50% of the total number of bonus shares awarded within the limit of 1.5 years of gross fixed compensation;
- for the Deputy Chief Executive Officers: 50% of the total number of bonus shares awarded within the limit of 1 year of gross fixed compensation.

In addition, Article 1.6.3 of the Internal Regulations of the Board of Directors of Carmila provides for an obligation to hold the Company's shares by executive corporate officers for the duration of their mandates, up to 10,000 shares for the Chairman and Chief Executive Officer, and 5,000 shares for the Deputy Chief Executive Officers.

6.3 Share capital and shareholder structure

6.3.1 Share capital

6.3.1.1 Share capital – Historical data

November 1999: Cross Systems Company (former company name of Carrefour Property Development, subsequently named Cardety, thereafter named Carmila) introduced on the Paris Stock Exchange Nouveau Marché.

October 2008: Acquisition by the Carrefour group (CRFP 13 and CRFP 16 companies) of shares of the Company representing 98.51% of its share capital and 98.50% of its voting rights.

June 2014: The Shareholders' Meeting approved a capital increase of €10,625,672 through the capitalisation of share premiums and reserves, thus bringing the Company's share capital from €5,312,836 to €15,938,508, with an increase in the par value of the Company's shares from €2 to €6.

July-August 2014: Following the Company's disposal of its Mondevillage asset and of securities pertaining to Société du Centre Commercial de Lescar, Carrefour (CRFP 13) launched a public tender offer for shares held by the Company's minority shareholders and acquired 1,615 shares at €19.20 per share.

December 2014: Disposal by the Carrefour group of shares of the Company, representing 41.20% of its share capital, to a number of third-party investors as part of a private placement. Following these disposals, the Carrefour group, through CRFP 13, held 1,541,412 shares, representing 58.03% of the Company's share capital.

January 2015: The Company chose the tax regime applicable to Listed Real Estate Investment Companies (*Sociétés d'Investissement Immobilier Cotées* or SIIC) effective from 1 January 2015.

March 2016: The Company carried out a capital increase, with preferential subscription rights, which was fully subscribed by the end of the subscription period, 6 April 2016. The gross proceeds of the capital increase, including the share premium, amounted to €36 million, represented by the issue of 1,660,260 new shares. The share capital then comprised 4,316,678 shares with a par value of €6.

May 2016: The Shareholders' Meeting approved the change of the company's name from its prior name "Carrefour Property Development" to "Cardety". Shares in the Company are thereafter listed under the new mnemonic "CARD".

June 2017: The Combined Shareholders' Meeting of 12 June 2017 approved the merger by absorption of Carmila SAS by the Company. A corresponding "E Document" describing the transaction, was created and filed with the AMF on 5 May 2017 under No. E.17-040. The exchange ratio of one share of the Company for three shares of Carmila SAS was applied. As consideration for this exchange ratio, 104,551,551 new shares of the Company were issued by the Company by way of a capital increase in the nominal amount of €627,309,306, on the terms established in the draft Merger agreement. On conclusion of the Merger, the Company's share capital, which had previously amounted to €25,900,068, had increased to €653,209,374. The Company's shares are now listed under the new mnemonic code "CARM".

June-July 2017: The Combined Shareholders' Meeting of 12 June 2017, in its thirty-seventh resolution, also delegated authority to the Board of Directors, for a period of twenty-six months from the date of the aforesaid meeting, to increase the Company's share capital, in particular, through the issue of transferable securities giving immediate or future access to the Company's capital, with preferential subscription rights upheld.

Acting upon sub-delegation granted by the Board of Directors at its meeting of 23 June 2017, the Chairman and CEO decided, on 6 July 2017, to carry out a capital increase through the allocation of free share subscription warrants for a maximum amount of €556,263,888 (including share issue premium, excluding exercise of the over-allotment option), corresponding to a maximum nominal capital increase of €139,065,972 plus a maximum aggregate issue premium of €417,197,916. It should be noted that Carrefour (CRFP 13) would subscribe to 2,083,334 new shares for a total amount of €50,000,016 (including issue premium). The free share subscription warrants granted the right to subscribe to new shares at a par value of six (6) euros, ranking *pari passu* with the Company's existing shares, on the basis of nine free warrants to two new shares (see the Offering Circular approved by the AMF on 23 June 2017, under authorisation number 17-298, issued at the time of the transaction).

On 25 July 2017, the Chairman and CEO of the Company noted that a total number of 104,057,181 free share subscription warrants had been exercised during the financial year, at an exercise price of €24 per new share and reported that a total number of 23,123,818 new shares had been fully subscribed (corresponding to a nominal capital increase of €138,742,908 plus an aggregate issue premium of €416,228,724), raising the Company's share capital from €653,209,374 to €791,952,282.

In addition, on 6 July 2017, acting pursuant to the sub-delegation of authority granted to him by the Board of Directors on 23 June 2017 under the forty-seventh resolution of the Shareholders' meeting of 12 June 2017, the Chairman and Chief Executive Officer decided to issue, without preferential subscription rights, 3,143,750 share subscription warrants, reserved for Morgan Stanley & Co. International plc, acting in the name of and on behalf of the underwriters connected with the placement, as part of the over-allotment option. Each warrant was issued for a unit subscription price of €0.0001 and gave the right to subscribe to one new share at a par value of six (6) euros, ranking pari passu with existing shares, with a request filed for their admission to trading on the Euronext Paris regulated market on the same listing line as the existing shares of the Company, corresponding to a maximum nominal capital increase of €75,450,000 (including share issue premium) in the event that all warrants were exercised.

On 28 July 2017, the Chairman and Chief Executive Officer noted that 3,067,982 share subscription warrants had been exercised at an exercise price of €24 per new share, and further noted the subsequent issue, on 31 July 2017, of 3,067,982 new shares (corresponding to a nominal capital increase of €18,407,892 plus an aggregate issue premium of €55,223,676), raising the Company's share capital from €791,952,282 to €810,360,174.

May 2018: The Shareholders' Meeting held on 16 May 2018 voted to offer shareholders an option to receive the balance of the 2017 dividend payment in shares (i.e. €0.75 per share). Acting upon sub-delegation granted by the Board of Directors at its meeting of 16 May 2018, the Company's Chairman & CEO decided, on 12 June 2018, to carry out a capital increase via the allocation of 1,501,666 bonus shares, corresponding to a capital increase for a maximum nominal amount of €9,009,996, raising the Company's share capital from €810,360,174 to €819,370,170.

May 2019: On 16 May 2019, the Board of Directors of Carmila noted the entry into force of the amendments to the bylaws in respect of the eleventh resolution adopted by the Shareholders' Meeting on 16 May 2018 and noted the definitive allocation of 112,611 B-Class Shares, increasing the share capital from €819,370,170 to €820,045,836.

B-Class Shares are preference shares that entitle the holder to a maximum of one (1) ordinary share (A-Class Share), provided that the performance conditions of the bonus share allocation plan are met. B-Class Shares do not entitle the holder to voting rights or dividends.

October 2019: On 24 October 2019, the Chairman and CEO noted the definitive allocation of 7,537 B-Class Shares, increasing the share capital from €820,045,836 to €820,091,058.

The table below shows the change in the Company's share capital over the last three financial years:

	31/12/2019	31/12/2018	31/12/2017
Share capital	€820,091,058	€819,370,170	€810,360,174
Number of Class-A[(1)] Shares	136,561,695	136,561,695	135,060,029
Number of Class-B[(2)] Shares	120,148	N/A	N/A
Theoretical number of voting rights[(3)]	136,561,695	136,561,695	135,060,029
Actual number of voting rights[(3)]	136,408,412	136,332,347	134,946,290

(1) Class-A Shares are ordinary shares.
(2) Class-B Shares are preference shares and do not entitle the holder to voting rights or dividends.
(3) The theoretical number of voting rights is calculated based on shares at 31 December 2019, less Class-B Shares.
(4) The actual number of voting rights is calculated based on shares at 31 December 2019, less Class-B Shares, and 153,286 treasury shares that do not entitle the holder to voting rights.

The table below shows the change in share capital during the financial year 2019:

Period	Number of shares	Share capital *(in euros)*
1 January 2019	136,561,695	€819,370,170
16 May 2019	136,561,695 Class-A Shares 112,611 Class-B Shares	€820,045,836
24 October 2019	136,561,695 Class-A Shares 120,148 Class-B Shares	€820,091,058

6.3.1.2 Share capital subscribed at 31 December 2019

At 31 December 2019, the Company's share capital amounted to €820,091,058, distributed among 136,561,695 shares with a par value of six (6) euros each, fully subscribed and paid up, and all of the same share class and 120,148 B-Class preference shares, each with par value of six (6) euros.

6.3.1.3 Share capital authorised but not issued

The table below sets out the current, valid delegations granted to the Board of Directors by the Shareholders' Meeting held on 16 May 2019:

Resolution	Subject of the resolution	Maximum nominal amount	Term of the authorisation	Utilisations during the financial year
14	Authorisation granted to the Board of Directors so that it may carry out transactions in the Company's shares	10% of the Company's share capital	18 months	
15	Delegation of authority granted to the Board of Directors to allocate bonus preference shares to be issued.	0.13% of the Company's share capital (after conversion of preference shares into ordinary shares)	38 months	See Section 6.3.3.1
17	Delegation of authority granted to the Board of Directors so that it may decide to increase the share capital of the Company, or that of another company, through the issue of shares and/or transferable securities giving immediate or future access to the Company's share capital, with preferential subscription rights upheld	€500 million corresponding to capital increases(1) €2 billion for the issuance of debt securities	26 months	None
18	Delegation of authority granted to the Board of Directors so that it may decide to increase the share capital of the Company, or that of another company, through the issue of shares and/or transferable securities giving immediate or future access to the Company's share capital, to be issued by public offering, without preferential subscription rights	€165 million corresponding to capital increases(1) €1 billion for the issuance of debt securities	26 months	None
19	Delegation of authority granted to the Board of Directors so that it may decide to increase the share capital of the Company, or that of another company, through the issue of shares and/or transferable securities giving immediate or future access to the Company's share capital, to be issued by a securities placement pursuant to Article L. 411-2 of the French Monetary and Financial Code, without preferential subscription rights	€165 million corresponding to capital increases(1)(2) €1 billion for the issuance of debt securities	26 months	None
20	Authorisation granted to the Board of Directors to issue shares and/or transferable securities giving immediate or future access to shares to be issued by the Company as consideration for contributions in kind consisting of securities or transferable securities giving access to share capital	€85 million corresponding to capital increases(1) €1 billion for the issuance of debt securities	26 months	None
21	Determination of the issuance price, which is not to exceed 10% of the share capital per year, as part of a capital increase by issuance of equity shares without preferential subscription rights	No more than 10% of the share capital per year		NA
22	Delegation of authority granted to the Board of Directors to approve the capital increase by way of incorporation of premiums, reserves, benefits or other resources	€500 million	26 months	None
23	Delegation of authority granted to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without preferential subscription rights	Limit stipulated by the applicable regulations (currently 15% of the initial issue)(1)	26 months	None
24	Delegation of authority granted to the Board of Directors to approve the capital increase of the Company by issuance of shares and/or transferable securities giving immediate or future access to the share capital, without preferential subscription rights, reserved for members of company savings plans	€85 million(1)	26 months	None
25	Authorisation to be granted to the Board of Directors to reduce the share capital by cancelling treasury shares	No more than 10% of the shares making up the Company's share capital	26 months	None

(1) The maximum total nominal amount of the capital increases that may be carried out by virtue of this delegation will count towards the total maximum limit set at €500 million.
(2) The maximum total nominal amount of the capital increases that may be carried out by virtue of this delegation will count towards the maximum limit for the nominal amount of capital increases by issuance of shares and/or securities giving immediate or future access to the share capital, to be issued by public offering without preferential subscription rights, which is set at €165 million by the 18th resolution.

6.3.1.4 Securities not representing share capital

On 26 June 2019, the Company's Board of Directors authorised the implementation of a Euro Medium Term Note Programme (EMTN) with a €1.5 billion limit. On 17 July 2019, the Company obtained authorisation from the French Financial Market Authority (AMF) for its EMTN programme under approval number 19-364.

As part of this programme, the Company issued a new bond (private placement) on 6 November 2019 with a maturity of 12 years and a coupon of 1.89%. Carmila's outstanding bond debt of €1,550 at end-2018 rose to €1,600 at end-2019.

6.3.1.5 Shares controlled by the Company, treasury stock and purchase by Carmila of its own shares

Background and current situation

The Company's Combined Shareholders' Meeting of 16 May 2019 authorised the Board of Directors, for a period of 18 months, to implement a share buyback programme to buyback the Company's own shares, pursuant to the provisions of Article L. 225-209 of the French Commercial Code and in accordance with the AMF General Regulations, under the conditions specified below. This authorisation replaced the authorisation previously granted by the Company's Shareholders' Meeting of 16 May 2018 to trade in its own shares.

Transaction	Term of the authorisation	Maximum unit price	Maximum Amount	Maximum number of shares
Share repurchase programme	18 months	€50	€50 million	10% of the Company's share capital

These shares may be acquired at any time up to the limits authorised by applicable legal or regulatory provisions, including during a takeover bid and/or exchange offer initiated by the Company or by another party in relation to the Company's securities, for the following purposes:

- the implementation of any stock option plan for the Company pursuant to Articles L. 225-177 et seq. of the French Commercial Code or any similar plan;
- the allocation or sale of shares to employees as part of their participation in a Company profit-sharing plan and/or the implementation of any employee savings plan pursuant to applicable law, in particular Articles L. 3332-1 et seq. of the French Labour Code;
- the allocation of free shares pursuant to Articles L. 225-197-1 et seq. of the French Commercial Code; or
- generally satisfying obligations under stock option plans or other allocations of shares to employees or corporate officers of the issuer or an affiliated company;
- delivery of shares upon exercising voting rights attached to securities granting access to the issuer's share capital via redemption, conversion, exchange, presentation of a bond or any other manner;
- management of the secondary market or the liquidity of the Company's shares by an investment services provider, under a liquidity agreement in accordance with the Code of Ethics of the French Financial Markets Association recognised by the AMF, in accordance with the market practice permitted by the AMF.

The company may also:

- proceed with the cancellation of all or part of the shares thus bought back, provided that the Board of Directors has a valid authorisation from the Shareholders' Meeting, acting in an extraordinary capacity, enabling it to reduce the share capital by cancelling shares purchased as part of a share-buyback programme; or
- retain them with a view to issuing them at a later date as payment or in exchange as part of or following any acquisitions.

This programme is also intended to allow the Company to engage in any other activity that is currently authorised or that may in the future be authorised by law or by the regulations in force, including any market practice that may be permitted by the AMF subsequent to the Shareholders' Meeting of 16 May 2019 and, more generally, the performance of any other operation in compliance with the regulations currently in force. In such an event, the Company will inform its shareholders by way of a press release.

The maximum purchase price of the shares as part of this repurchase programme is set at €50 (or the equivalent amount in any other currency on the same date).

Summary of share repurchase program

For each of the purposes pursued, the number of securities purchased was as follows:

(1) Liquidity agreement

On the settlement date of 31 December 2019, under the liquidity contract entrusted by Carmila to EXANE BNP PARIBAS, the following assets were in the liquidity account:

- 46,576 Carmila shares;
- €1,795,625.

You are reminded that at the last half-year review (30 June 2019) the following resources were affected to the liquidity account:

- 86,460 Carmila shares;
- €1,039,123.

Over 2019, 395,922 shares were purchased at an average price of €16.54 per share and 450,836 shares were sold at an average price of €16.86 per share.

(2) Acquisition for the purposes of bonus share plans for employees and corporate officers (L. 225-197-1 et seq. of the French Commercial Code)

In 2019, the Company did not award any contracts to investment service providers (ISPs) to hedge bonus share plans for employees and executive corporate officers.

(3) Cancellation

In 2019, the Company did not cancel any shares.

(4) Sale of treasury shares

In 2019, the Company did not sell any shares.

As at 31 December 2019, the Company holds 153,283 treasury shares directly, representing a value €2,676,000 on the basis of the book value and €6 per share in par value.

As of 31 March 2020, the Company holds 190,337 treasury shares representing approximately 0.14% of the capital. Consequently, the maximum number of additional shares that can theoretically be purchased under this authorisation is 13,477,847 shares (i.e. approximately 99.86% of the share capital.

The Company's position as at 31 December 2019 and 31 March 2020 is as follows:

	31/12/2019	31/03/2020
Number of shares held in the portfolio	153,283	190,337
Percentage of self-owned capital directly and indirectly	0.11%	0.14%
Number of shares cancelled in the last 24 months	None	None
Book value of portfolio *(in euros)*	€2,676,000	€3,083,730
Market value of portfolio *(in euros)*	€3,065,660	€2,466,768

The authorisation granted on 16 May 2019, in force on the filing date of this document, will end after a period of eighteen months i.e. on 16 November 2021, unless a new share buyback programme is authorised by the next Shareholders' Meeting to be held on 29 June 2020.

Share repurchase programme submitted to the Ordinary Shareholders' Meeting of Shareholders on 29 June 2020

A motion will be put to the Shareholders' Meeting on 29 June 2020 to renew the authorisation given to the Board of Directors by the Ordinary Shareholders' Meeting on 16 May 2019 to carry out transactions in the Company's shares in the following conditions:

20th resolution *(Authorisation will be granted to the Board of Directors so that it may carry out transactions in the Company's shares)*. - The Shareholders' Meeting, with the conditions of quorum and majority required for ordinary Shareholders' Meetings met, having read the report of the Board of Directors, hereby authorises the Board of Directors, with the power to delegate in accordance with the provisions of Articles L. 225-209 et seq. of the French Commercial Code and pursuant to the conditions set out in Articles 241-1 et seq. of the AMF General Regulations, European Regulation (EU) No. 596/2014 of the European Parliament and Council of 16 April 2014, the European Commission Delegated Regulation (EU) No. 2016/1052 of 8 March 2016 and market practices accepted by the AMF, to purchase or arrange for the purchase of shares in the Company, particularly with a view to:

- the implementation of any stock option plan for the Company pursuant to Articles L. 225-177 et seq. of the French Commercial Code or any similar plan; or
- the allocation or sale of shares to employees as part of their sharing the profits of the Company's expansion and/ or the implementation of any group or company employee savings plan pursuant to applicable law, in particular Articles L. 3332-1 et seq. of the French Labour Code;
- the allocation of free shares pursuant to Articles L. 225-197-1 et seq. of the French Commercial Code; or
- generally satisfying obligations under stock option plans or other allocations of shares to employees or corporate officers of the issuer or an affiliated company; or
- delivery of shares upon exercising voting rights attached to securities granting access to the issuer's share capital via redemption, conversion, exchange, presentation of a bond or any other manner;
- management of the secondary market or the liquidity of the Company's shares by an investment services provider, under a liquidity agreement in accordance with the Code of Ethics of the French Financial Markets Association recognised by the AMF; or

and authorises the company to

- cancellation of all or part of the shares thus bought back, provided that the Board of Directors has a valid authorisation from the Shareholders' Meeting, acting in an extraordinary capacity, enabling it to reduce the share capital by cancelling shares purchased as part of a share-buyback programme;
- retaining them with a view to issuing them at a later date as payment or in exchange as part of or following any acquisitions.

This programme is also intended to allow the Company to engage in any other activity that is currently authorised or that may in the future be authorised by law or by the regulations in force, including any market practice that may be permitted by the AMF subsequent to this Shareholders' Meeting and, more generally, the performance of any other operation in compliance with the regulations currently in force. In such an event, the Company will inform its shareholders by way of a press release.

A number of Company shares may be purchased such that, as of the date of each repurchase, the total number of shares purchased by the Company since the start of the repurchase programme (including those currently being repurchased) must not exceed 10% of the shares making up the Company's share capital. This percentage applies to capital adjusted for transactions that may affect the share capital subsequent to this Shareholders' Meeting. It should be noted that

(i) where Company shares are to be purchased to promote liquidity under the conditions set out under the General Regulations of the French Financial Market Authority, the number of shares factored in when calculating the aforementioned 10% limit shall correspond to the number of shares purchased, less any shares resold in the period in question;

(ii) the number of shares vested to be retained and remitted at a later date as part of a merger, spinoff or contribution may not exceed 5% of the share capital; and

(iii) the number of shares held by the Company at any given time may not exceed 10% of the shares that make up the Company's share capital on the date in question.

Shares may be purchased, sold, exchanged or transferred at any time, in one or more instalments, within the limits authorised by the legal and regulatory provisions in force, and through any means, particularly on regulated markets, multilateral trading systems, using systematic or ad-hoc internalisers, including through the acquisition or sale of blocks, public offers of purchase, sale or exchange or through the use of options or other financial instruments ultimately traded on regulated markets, multilateral trading systems, using systematic or ad- hoc internalisers, or through the reissuing of shares following the issuance of securities giving access to the Company's share capital through the conversion, repayment or exercising a bond, either directly or indirectly through an investment service provider, or in any other way with no limit on the portion of the repurchase programme that may be realised using any of these methods). Subject to the legal and regulatory provisions in force, these transactions may be performed at any time.

The maximum share price covered by this authorisation is at €50 (fifty euros) per share (or the equivalent amount in any other currency on the same date). The total amount allocated to the repurchase programme authorised above may not exceed €50,000,000 (fifty million euros).

In event of a change in the share price, the increase in capital through the incorporation of reserves, the allocation of bonus shares, stock split or reverse stock stick, capital depreciation or any other transaction on the share capital or equity, the Shareholders' Meeting delegates to the Board of Directors the power to adjust the aforementioned purchase price so as to take into account the effect of these transactions on the share price.

The Shareholders' Meeting grants the Board of Directors, who may delegate under the conditions set out in law, decision-making powers and the power to implement this authorisation, to specify, where necessary, the wording and set the procedure for implementing the repurchase programme, and particularly to issue any stock exchange instruction, enter into any agreements, particularly to keep the share register, to allocate and reallocate the shares acquired for the objectives set out in the relevant legal and regulatory conditions, to set the procedures for maintaining the rights of owners of securities giving access to capital or other shares giving access to capital in accordance with the legal and regulatory provisions and, where relevant, contractual provisions relating to other cases of adjustment, to make any declarations to the AMF and

any other authority, to perform any formalities and, in general terms, to do as required.

The Shareholders' Meeting decided that the Board of Directors may not use this authorisation and continue its repurchase programme in the event of a public offering of the shares or securities issued by the Company.

From this Shareholders' Meeting, this authorisation replaces any unused part of any previous delegation granted to the Board of Directors to trade in Company shares. It is granted for an eighteen month period from this Shareholders' Meeting.

6.3.1.6 Securities giving access to the share capital

As of the date of this document, there are no securities in circulation that are exchangeable, convertible or that include subscription warrants with respect to shares of the Company or its subsidiaries.

6.3.1.7 Conditions governing rights of acquisition and/or obligations attached to capital subscribed, but not paid-up

None.

6.3.1.8 Share capital of any Group companies subject to options or option agreements

None.

6.3.2 Shareholding structure

6.3.2.1 Description of the Company's shareholding structure

At 31 December 2019, the Company's share capital was held as follows:

Shareholders	Number of shares	Percentage of share capital[7]	Percentage of voting rights[8]
CRFP 13[1]	48,288,568	35.33%	35.40%
Prédica[2]	12,564,212	9.19%	9.21%
Cardif Assurance Vie[3]	12,060,973	8.82%	8.84%
Colkart Sarl[4]	10,087,738	7.38%	7.40%
SA Sogecap[5]	7,759,603	5.68%	5.68%
Colkart II Sarl[6]	1,973,903	1.44%	1.45%
Treasury shares	153,283	0.11%	NA
Management and employees	165,977	0.12%	0.12%
Class-B Shares	120,148	0.09%	None
Public	43,507,438	31.83%	31.89%
TOTAL	**136,681,843**	**100.00%**	**100.00%**

(1)CRFP 13 is controlled by Carrefour.
(2)Prédica is controlled by Crédit Agricole Assurances, which is itself controlled by Crédit Agricole SA.
(3)Cardif Assurance Vie is controlled by BNP Paribas.
(4)Colkart Sarl is controlled by Colkart Investment SCS whose general partner and manager is Colony Retail Europe III Sarl.
(5)SA Sogecap is controlled by Société Générale.
(6)Colkart II Sarl is controlled by Colkart Investment II SCS, whose managing general partner is Colony Retail Europe III Sarl.
(7) Calculated on the basis of the 136,681,843 shares that make up the share capital.
(8) Calculated on the basis of the 136,408,412 shares, 120,148 Class-B Shares and 153,283 treasury shares in the company that do not entitle the holder to voting rights.

6.3.2.2 Transactions involving the share capital of the Company during the last financial year and the present financial year

Acting on the authorisation given by Carmila's Shareholders' Meeting on 16 May 2018, at its meeting on the same day, the Board of Directors voted to approve an initial Class-B (Class-B Shares) preference share plan, subject to a one-year vesting period, the terms of which are set out in paragraph 6.3.3.1 of this document.

The aforementioned Shareholders' Meeting had decided to amend the Bylaws to reflect this at the end of that vesting period. Consequently, at its meeting on 16 May 2019, the Board of Directors voted to increase the share capital by €675,666 by creating 112,611 B-Class Shares, and amending the bylaws to reflect this. Acting on the authorisation given by Carmila's Shareholders' Meeting on 16 May 2018, at its meeting on 24 October 2018, the Board of Directors voted to approve a second Class-B (Class-B Shares) preference share plan, subject to a one-year vesting period. Following this vesting period, on 24 October 2019, at its meeting on the same day the Board of Directors voted to increase the share capital by €45,222 by creating 7,537 Class-B Shares and to amend the Bylaws to reflect this.

Acting on the authorisation given by Carmila's Shareholders' Meeting on 16 May 2019, at its meeting on the same day, the Board of Directors voted to approve a Class-C (Class-C Shares) preference share plan, subject to a one-year vesting period, the terms of which are set out in paragraph 6.3.3.1 of this document.

6.3.2.3 Threshold crossing declarations

Pursuant to Article L. 233-7 of the French Commercial Code, any natural person or legal entity, acting alone or in concert, that comes to hold a number of shares representing more than 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% or 95% of the Company's share capital or voting rights, must report their holding to the Company and to the AMF, indicating the total number of shares and the total number of voting rights held, within a period of four trading days from the date the applicable threshold is crossed. The AMF will ensure the public disclosure of any threshold crossings reported to it. This information must also be conveyed, in the same time period and under the same conditions, when the percentage of share capital or voting rights falls below the thresholds referred to above. If threshold crossings are not properly disclosed, the shares exceeding the percentage that should have been disclosed in accordance with the legal provisions specified here above, shall be stripped of their voting right at any Shareholders' Meeting held up to two years following the date on which the threshold crossing is finally reported.

In addition to the legal thresholds, Article 8 of Carmila's bylaws provides that any natural person or legal entity, acting alone or in

concert, who holds a number of shares representing 1% or more of the share capital or of voting rights, up to a total of 30% of the share capital or voting rights, must inform the Company of the total number of shares and voting rights held, as well as the number of securities giving access to the share capital in the future, and any voting rights potentially attached to those shares, and any shares that such person may acquire by virtue of an agreement or financial instrument. In each case, the information must be conveyed by registered letter with acknowledgement of receipt within five trading days after crossing the applicable threshold. The obligation to inform the Company also applies in cases where the interest of the relevant holder of share capital or voting rights falls below the thresholds mentioned above.

In the event of failure to comply with the obligation to declare the crossing of a legal threshold, the penalties provided for in Article L. 233-14 of the French Commercial Code shall also apply in the event of failure to declare the crossing of thresholds specified in Carmila's own bylaws, at the request of one or more shareholders holding at least 5% of the share capital or voting rights of the Company, such request being duly recorded in the minutes of the Shareholders' Meeting.

A standard form to declare the crossing of a legal threshold is available on the AMF website.

To the best of the Company's knowledge, and since 31 December 2018:

- CDC Croissance, controlled by La Caisse des Dépôts, notified the Company and the AMF that it had crossed the legal shareholding threshold when its interest in the Company's share capital was reduced by 0.99% on 9 August 2019, bringing the number of shares it holds in the Company to 1,364,804.

6.3.2.4 Shareholders' agreements

None.

6.3.2.5 Transactions on the Company's securities by corporate officers, including senior executives and related persons

Pursuant to the provisions of Article 223-26 of the AMF General Regulation, we hereby inform you of transactions carried out in the 2019 financial year by the persons referred to in Article L. 621-18-2 of the French Monetary and Financial Code:

Transaction date	First name / Last name or company name	Corporate officer at the Company on the day of the transaction	Nature of the transaction	Nature of the financial instrument	Number of shares	Unit price *(in euros)*	Transaction amount *(in euros)*
09/05/2019	Sébastien Vanhoove	Deputy CEO	Acquisition	Share	1,000	19.0958	19,095.80
01/08/2019	Alexandre de Palmas	Chairman and CEO	Acquisition	Share	2,000	15.0200	30,040
23/09/2019	Alexandre de Palmas	Chairman and CEO	Acquisition	Share	1,032	15.2000	15,686.40

6.3.2.6 Employee share ownership

The Company has introduced four free share plans as a means of retaining its best-performing employees. For further details, refer to Section 6.3.3 below.

Shares held by Group employees and its corporate officers within the meaning of Article L. 225-102 of the French Commercial Code, representing 0.12% of share capital at 31 December 2019.

6.3.3 Stock option plan and performance share plans

6.3.3.1 Description of the plans

On 12 June 2017, prior to the Merger, Carmila SAS had introduced a new bonus share allocation plan under the delegation granted by the Company's Shareholders' Meeting on 14 April 2016, for the benefit of senior executives and employees of the Carmila Group, involving a total of 290,993 shares, including 62,294 shares allocated to Jacques Ehrmann, 15,441 shares to Yves Cadélano and 30,882 shares to Géry Robert-Ambroix, corresponding to respective allocations of 20,764, 5,147 and 10,294 shares in the Company, once the Merger exchange ratio (one Cardety share for three Carmila SAS shares) had been taken into account. (the "**2017 Performance Plan**"). The 2017 plan is conditional upon (i) continued employment at the end of each vesting period, and (ii) the following performance conditions, for 50% of the shares:

- for the financial year 2018, (i) improvement in the Group's total yield in 2018 (corresponding to the year-on-year improvement in the triple adjusted net asset value (NNNAV EPRA) and including dividend discounts for the same year), compared to a panel of comparable real estate companies; and (ii) improvement in the consolidated "*Recurring Earnings Per Share*" of the Carmila Group in 2018 relative to the subscription price of one Carmila share; and
- for the financial year 2019, (i) improvement in the Group's total yield in 2019 (corresponding to the year-on-year improvement in the triple adjusted net asset value (NNNAV EPRA) and including dividend discounts for the same year), compared to a panel of comparable real estate companies; and (ii) improvement in the consolidated "Recurring Earnings Per Share" of the Carmila Group in 2019 relative to the subscription price of one Carmila share.

Pursuant to applicable law, as of the date of the Merger, the Company is automatically substituted for Carmila SAS, the acquiree, with respect to its obligations to the beneficiaries of free shares.

During 2018, following a decision taken by the Board of Directors on 16 May 2018, the Company established a new share plan in the form of bonus preference shares ("**Class-B Shares**") convertible into ordinary shares ("**Class-A Shares**") , awarded to the Company's senior executives and employees according to the achievement of given performance criteria (described below), for its executives and employees. The total allowance was 125,746 preference shares, of which 22,804 preference shares allocated to Jacques Ehrmann, 7,537 preference shares to Yves Cadelano and 15,073 preference shares to Géry Robert-Ambroix ("**PSP 2018 Number 1**"). This plan stipulates (i) continued presence in the Company at the end of each vesting period, and (ii) the following performance criteria:

- change in the total shareholder return (corresponding to the year-on-year change in the adjusted triple net asset value (NNNAV) from 31 December 2017 to 31 December 2020, after the reintegration of the distributions during the period) compared to a panel of comparable real estate companies;
- average annual growth in recurring earnings per share (corresponding to the average annual growth, expressed as a percentage, of recurring earnings per share of Carmila for the year ended 31 December 2020 compared with the recurring earnings per share of Carmila for the year ended 31 December 2017, calculated on the number of shares outstanding at 31 December 2017); and
- the difference between the 2020 share price (corresponding to the average of the closing prices of the Carmila shares during the last 40 trading days of the 2020 financial year, restated for the possible distribution of a deposit during the period) and the triple net EPRA NAV at 31 December, 2019.

As Yves Cadélano forfeited his share allocation rights following his departure from the Company on 31 July 2018, a new allocation was made based on the total number of shares approved by the Shareholders' Meeting of 16 May 2018, in favour of a single beneficiary. An additional plan with specific vesting/holding periods was approved on 24 October 2018 by the Board of Directors which decided to grant 7,537 preference shares to Sébastien Vanhoove, subject to the same conditions of continued presence and performance as those governing the bonus preference share plan approved on 16 May 2018 and referred to above ("**PSP 2018 Number 2**").

The maximum total number of ordinary shares that may be created as a result of the conversion of preference shares granted under these two plans may not represent more than 0.09% of the share capital of the Company at the date of the Shareholders' Meeting of May 16, 2019 and more than 0.04% for the share allocated to executive corporate officers [(1)].

During 2019, following a decision taken by the Board of Directors on 16 May 2019, the Company established a new share plan in the form of bonus preference shares ("**Class-C Shares**") convertible into ordinary shares, awarded to the Company's senior executives and employees according to the achievement of given performance criteria (described below), involving a total of 144,906 preference shares, including the allocation of, 6 962 preference shares to Sébastien Vanhoove and 16,244 preference shares to Géry Robert-Ambroix ("**PSP 2019**"). As it was noted at the meeting that Jacques Ehrmann would be leaving the Board of Directors, no preference shares were granted to him under this plan.

This plan stipulates (i) continued presence in the Company at the end of each vesting period, and (ii) the following performance criteria:

- change in the total shareholder return (corresponding to the year-on-year change in the adjusted triple net asset value (NNNAV) from 31 December 2018 to 31 December 2021, after the reintegration of the distributions during the period) compared to a panel of comparable real estate companies;
- the annual growth in recurring earnings per share for years 2019, 2020 and 2021 compared with the growth commitment made to the financial markets by the Company at the start of each year upon on the publication of company results for year n-1;
- the percentage of appraisal value, including transfer taxes, of assets in the Company's portfolio for which environmental certification was obtained as of 31 December 2021;
- change in the total shareholder return (TSR) corresponding to the change in the Company's stock-exchange price over the vesting period compared with that of a panel of comparable listed property companies. Carmila's TSR will be calculated based on the average prices at closing in the last 40 trading days in the 2021 financial year to which will be added any distributions between 1 January 2019 and 31 December 2021, to the closing price on 31 December 2018, i.e. €16.16.

The maximum total number of ordinary shares that may be created as a result of the conversion of Class-C preference shares granted under this plan may not represent more than 0.11% of the share capital of the Company at the date of the Shareholders' Meeting of 16 May 2019 and more than 0.02% for the share allocated to executive corporate officers.

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(1) Of which Jacques Ehrmann 0.02%, Géry Robert-Ambroix 0.01% and Sébastien Vanhoove 0.01% of the capital.

6.3.3.2 Share plans – Historical data

Plan name	Plan Performance 2017	PSP 2018 No. 1	PSP 2018 No. 2	PSP 2019
Carmila Shareholders' Meeting date	14/04/2016[3]	16/05/2018	16/05/2018	16/05/2019
Carmila grant date	12/06/2017	16/05/2018	24/10/2018	16/05/2019
Number of recipient	32	47	1	46
Number of Carmila shares originally granted under the plan	96,988	125,746	7,537	144,906
• incl. Jacques Ehrmann	20,764	22,804	NA	-
• incl. Alexandre de Palmas	NA	NA	NA	NA
• incl. Géry Robert-Ambroix	10,294	15,073	NA	16,244
• incl. Yves Cadélano	5,147	7,537	NA	NA
• incl. Sébastien Vanhoove	NA	NA	7,537	6,962
• incl. other employees	60,783	80,332	NA	121,700
Remaining number of shares to be granted as of 31/12/2019	36,138	112,611	7,537	140,806
Issue date and definitive acquisition of the Class-B Shares[1]	NA	16/05/2019	24/10/2019	NA
Issue date and definitive acquisition of the Class-B Shares[2]	NA	NA	NA	16/05/2020
Date of conversion of preference shares into ordinary shares (Class-A Shares)		16/05/2021	24/10/2021	16/05/2022
Acquisition date(s)	12/06/2019: Employees 50% 12/06/2020: Employees 50% and corporate officers 100%	16/05/2019	24/10/2019	16/05/2020
Availability date(s)	12/06/2019: Employees 50% 12/06/2020: Employees 50% and corporate officers 100%	16/05/2021	24/10/2021	16/05/2022

(1) The preference share plan stipulates that one year after the grant date, Class-B Shares will be created and definitively allocated to the beneficiaries and, in accordance with the plan, will be converted into Carmila ordinary shares, subject to attendance and performance conditions.
(2) The preference share plan stipulates that one year after the grant date, Class-C Shares will be created and definitively allocated to the beneficiaries and, in accordance with the plan, will be converted into Carmila ordinary shares, subject to attendance and performance conditions.
(3) Plan introduced by Carmila S.A.S. and renewed by Carmila following a decision by the Shareholders' Meeting which voted on the merger on 12 June 2017.

6.3.4 Agreements which may lead to a change of control

To Carmila's knowledge, there is no agreement at the date of this document that could result in a change of control over Carmila at a date subsequent to the Merger.

6.3.5 Effects of a tender offer or public exchange offer (Article L. 225-37-5 of the French Commercial Code)

The Company has not issued securities carrying special control rights and no control mechanism is anticipated in the event of an employee shareholding scheme, where the control rights are not exercised directly by the employees.

To the best Carmila's knowledge, as of the date of this document, no agreement exists which would be changed or terminated in the event of a change of control of the Company.

Furthermore, no agreements exist providing for indemnities for members of the Board of Directors, or for employees, in the event of their resignation or dismissal without due and serious cause, or if their employment is terminated as a consequence of a tender offer.

6.4 The AFEP-MEDEF Code's "apply or explain" rule

In accordance with the "Comply or Explain" rule of the AFEP-MEDEF Code, the Company lists below the provisions of this Code that have been excluded for fiscal year 2019:

AFEP-MEDEF Code recommendations	Group policy and explanations
A formal evaluation of the Board of Directors is carried out at least every three years (Article 10.3 of the Code).	As the Company has experienced a change of Chairman and Chief Executive Officer during fiscal year 2019, the Board of Directors considered that it was irrelevant to carry out a formal evaluation during the fiscal year. However, the Board of Directors did carry out a self-evaluation, the summary of which is set out in section 6.1.2.3 (5) of the Universal Registration Document. A formal evaluation of the Board of Directors will be carried out by an external consultant under the responsibility of the compensation and nominating Committee for the financial year 2020.
The compensation and nominating Committee draws up a succession plan for executive corporate officers (Article 17.2.2 of the Code)	The Company's compensation and nominating Committee has implemented a succession plan for the Chairman and Chief Executive Officer upon the departure of Mr. Jacques Ehrmann, resulting in the appointment of Mr. Alexandre de Palmas as of July 1, 2019. A new succession plan for executive officers will be submitted by the compensation and nominating Committee to the Board of Directors during the financial year 2020.

6.5 Regulated agreements and commitments under Articles L. 225-38 et seq. and L. 225-42-1 of the French Commercial Code

We hereby notify you that an agreement under Articles L. 225-38 et seq. and L. 225-42-1 of the French Commercial Code has been authorised by the Board of Directors as stated in the special report by the Statutory Auditors in accordance with Article L. 225-40 of the aforementioned Code, which must reference all agreements and commitments authorised and entered into during the financial year as well as any previous such agreements and commitments that remained in place in the financial year.

Indeed, this agreement relating to the secondment of Alexandre de Palmas from Carrefour France to Carmila SA, following his appointment as Chairman and CEO, will be put to the vote at the Shareholders' Meeting on 29 June 2020.

Moreover, at its meeting on 13 February 2020, the Board of Directors discussed the agreements and commitments entered into and authorised during previous financial years which remained in place in the 2019 financial year.

Procedures for evaluating standard and regulated agreements

At its meeting on 2 April 2020, the Board of Directors adopted an internal code for the Carmila Group in order to determine which agreements should be subject to the regulated agreements procedure and as such distinguish them from agreements relating to standard transactions under normal conditions.

Other than a reminder of the regulatory framework applicable to the various agreements likely to be entered into, this code includes provision for regular evaluations by the Company of the conditions under which standard agreements are entered into within the Group. Any individuals with a direct or indirect interest in any of these agreements do not take part in their evaluation.

6.6 Statutory Auditor's report on the Corporate Governance Report

Report included in the Statutory Auditor's report on the annual financial statements (see Section 7.5).

7.

Financial statements

7.1 Annual consolidated financial statements at 31 december 2019

7.1.1 Consolidated statement of comprehensive income[1]

(in thousands of euros)	Note	31/12/2019	31/12/2018
Gross Rental Income		**359,457**	**340,250**
Charges rebilled to tenants		79,359	74,799
Total Income from rental activity		**438,816**	**415,049**
Real Estate expenses		-21,214	-18,659
Service charges		-71,307	-71,076
Property expenses (landlord)		-13,111	-11,656
Net Rental Income	**8.1**	**333,184**	**313,658**
Overhead expenses	8.2	-52,840	-50,574
Income from management, administration and other activities		*10,477*	*4,595*
Other income		*1,407*	*6,631*
Payroll expenses		*-25,145*	*-24,839*
Other overhead expenses		*-39,579*	*-36,961*
Allowances for depreciation of fixed assets, amortisation of intangible fixed assets and provisions	8.3	-3,493	-3,508
Other operating income and expenses		1,343	-277
Gain (loss) on disposals of investment properties and equity investments	8.4	-610	-1,796
Change in fair value adjustments	5.2	-90 172	13,586
Increase in the fair value of property adjustments		*65,118*	*128,330*
Decrease in the fair value of property adjustments		*-155,290*	*-114,744*
Share in net income of equity-accounted investments	7.3	4,376	3,882
Operating income		**191,788**	**274,971**
Financial income		559	384
Financial expense		-57,277	-54,011
Cost of net indebtness		**-56,718**	**-53,627**
Other financial income (expenses)		-1,389	-4,931
Financial income (expense)	**6.1**	**-58,107**	**-58,558**
Income before taxes		**133,681**	**216,413**
Income tax	9.1	-25,277	-52,804
CONSOLIDATED NET INCOME		**108,404**	**163,609**
Group share		**108,213**	**163,557**
Non-controlling interests		**191**	**53**
Average number of shares comprising Carmila's share capital	7.8.4	136,408,412	135,653,512
Earnings per share, in euros (Group share)		0.79	1.21
Diluted average number of shares comprising Carmila's share capital	7.8.4	136,705,504	135,860,096
Diluted earnings per share, in euros (Group share)		0.79	1.20

(1) The income statements for the years ended 31 December 2018 and 31 December 2019 show the income and expenditure related to the rental activity as presented in Note 8.1 "Net rental income" in the financial statements for 2018 included in that year's registration document (Section 7.1 "Annual consolidated financial statements at 31 December 2018").

Consolidated statement of comprehensive income *(in thousands of euros)*	Note	31/12/2019	31/12/2018
Consolidated net income		**108,404**	**163,609**
Items to be subsequently recycled in net income		**-10,923**	**-4,152**
Cash-flow hedges (effective part)	6.2.8	-10,923	-2,978
Fair value of other financial assets		-	-1,174
Related income tax		-	106
Items not to be subsequently recycled in net income		**-**	**106**
Re-valuation of the net liabilities under defined-benefit schemes	12.3.1	-	-
Related income tax		-	-
CONSOLIDATED NET COMPREHENSIVE INCOME		**97,481**	**159,563**

7.1.2 Consolidated statement of financial position

Assets

(in thousands of euros)	Note	31/12/2019	31/12/2018
Intangible assets	7.1	4,262	4,556
Property, plant and equipment	7.2	4,244	2,062
Investment properties carried at fair value	5.1	6,001,608	5,953,655
Investment properties carried at cost	5.1	68,785	62,605
Investment in equity-accounted companies	7.3	52,459	49,766
Other non current assets	7.4	12,427	11,948
Deffered tax assets	9.4	11,548	7,776
Non-current assets		**6,155,332**	**6,092,368**
Investment properties held for sale	5.3	-	-
Trade receivables	7.5	117,105	123,616
Other current assets	7.6	69,127	217,244
Cash and cash equivalent	7.7	178,172	70,518
Current assets		**364,404**	**411,378**
TOTAL ASSETS		**6,519,736**	**6,503,746**

Liabilities & shareholders' equity

(in thousands of euros)	Note	31/12/2019	31/12/2018
Share capital		820,091	819,370
Additional paid-in capital		2,129,169	2,268,204
Treasury shares		-2,676	-3,861
Other comprehensive income		-42,906	-31,983
Consolidated retained earnings		528,543	431,612
Consolidated net income – Group share		108,213	163,557
Shareholders' equity – Group share		**3,540,434**	**3,646,899**
Non-controlling interests		5,612	5,781
SHAREHOLDERS' EQUITY	**7.8**	**3,546,046**	**3,652,680**
Non-current provisions	7.9	6,865	5,685
Non-current financial debt	6.2	2,295,954	2,301,426
Lease deposits and guarantees		77,722	76,454
Non-current tax liabilities and deferred tax liabilities	9.3 & 9.4	175,685	159,261
Other non-current liabilities	7.10	7,489	7,473
Non-current liabilities		**2,563,715**	**2,550,299**
Current financial debt	6.2	160,313	82,885
Bank facilities	6.2 & 7.7	4,141	5,617
Current provisions		658	-
Trade payables	7.11	28,855	28,370
Fixed assets payables	7.11	81,674	52,141
Current tax and payroll related liabilities	7.12	49,356	44,237
Other current liabilities	7.12	84,978	87,517
Current liabilities		**409,975**	**300,767**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6,519,736**	**6,503,746**

7.1.3 Consolidated cash-flow statement

(in thousands of euros)	Note	31/12/2019	31/12/2018
Consolidated net income		**108,404**	**163,609**
Ajustements			
Elimination of income from equity-accounted investments	7.3	-4,376	-3,882
Elimination of depreciation, amortisation and provisions		659	6,350
Elimination of change in fair value adjustments	5.1	85,563	-11,388
Elimination of capital (gain) loss on disposals		879	1,371
Other non-cash income and expenses		3,567	-1,501
Cash-flow from operations after cost of net debt and tax		**194,696**	**154,559**
Elimination of tax expense (income)	9.1	25,277	52,804
Elimination of cost of net debt		55,462	53,628
Cash-flow from operations before cost of net debt and tax		**275,435**	**260,991**
Change in operating working capital		7,718	-17,247
Change in lease deposits and guarantees		1,259	4,387
Income tax paid		-2,795	-6,012
Cash-flow from operating activities		**281,617**	**242,119**
Change in scope of consolidation		-	0
Change in fixed assets payables		29,533	-19,610
Acquisitions of investment properties	5.1	-120,845	-571,903
Acquisitions of other fixed assets		-185	-502
Change in loans and advances		782	3,019
Disposal of investment properties and other fixed assets		5,467	19,163
Dividends received		1,684	1,480
Cash-flow from investment activities		**-83,565**	**-568,353**
Share capital increase	7.8	-	36,350
Transactions in share capital of equity accounted companies	7.3	-	0
Net sale (purchase) of treasury shares		1,185	-1,893
Issuance of bonds		50,000	350,000
Issuance of new bank loans	6.2	75,235	10,000
Loan repayments	6.2	-100,000	-2,322
Change in short-term investment disclosed in other current receivables		145,020	-145,053
Interest paid		-56,019	-44,138
Interest received		559	384
Dividend and share premium distributed to shareholders		-204,903	-101,461
Cash-flow from financing activities		**-88,923**	**101,867**
CHANGE IN NET CASH POSITION		**109,130**	**-224,367**
Opening cash position		64,901	289,268
Closing cash position	7.7	174,031	64,901

7.1.4 Statement of changes in consolidated Shareholders' equity

(in thousands of euros)	Note	Share capital	Additional paid-in capital	Treasury shares	Other comprehensive income	Consolidated retained earnings	Consolidated net income	Shareholders' equity – Group share	Non-controlling interests	Shareholders' equity
BALANCE AT 31 DECEMBER 2017		**810,360**	**2,321,671**	**-2,653**	**-27,937**	**121,234**	**313,787**	**3,536,462**	**5,999**	**3,542,461**
First-time application of IFRS 9						19,754		19,754		19,754
BALANCE AT 1 JANUARY 2018		**810,360**	**2,321,671**	**-2,653**	**-27,937**	**140,988**	**313,787**	**3,556,216**	**5,999**	**3,562,215**
Share capital transactions		9,010	27,340					36,350		36,350
Share-based payments						-1,501		-1,501		-1,501
Treasury share transactions				-1,208				-1,208		-1,208
Dividend paid			-80,807			-20,384		-101,191	-271	-101,462
Allocation of 2017 net income						313,787	-313,787			
Net income of the year							**163,557**	**163,557**	**53**	**163,610**
Gains and losses recorded directly in equity										
Recycling of OCI to income					2,608			2,608		2,608
Change in fair value of other financial assets					-1,174			-1,174		-1,174
Change in fair value of hedging instruments					-5,586			-5,586		-5,586
Actuarial gains and losses on retirement benefits					106			106		106
Other comprehensive income					**-4,046**			**-4,046**		**-4,046**
Other changes						-1,278		-1,278		-1,278
BALANCE AT 31 DECEMBER 2018		**819,370**	**2,268,204**	**-3,861**	**-31,983**	**431,612**	**163,557**	**3,646,899**	**5,781**	**3,652,680**
Share capital transactions	7.8	721	-721							
Share-based payments	12.3.2					-17		-17		-17
Treasury share transactions	7.8.3			1,185				1,185		1,185
Dividend paid	1.3		-138,314			-66,229		-204,543	-360	-204,903
Allocation of 2018 net income			-			163,557	-163,557			
Net income of the year							**108,213**	**108,213**	**191**	**108,404**
Gains and losses recorded directly in equity										
Recycling of OCI to income	6.2.8				1,944			1,944		1,944
Change in fair value of hedging instruments										
Change in fair value of other financial assets	6.2.8				-12,867			-12,867		-12,867
Actuarial gains and losses on retirement benefits	12.3.1				-					
Other comprehensive income					**-10,923**			**-10,923**		**-10,923**
Other changes						-380		-380		-380
BALANCE AT 31 DECEMBER 2019		**820,091**	**2,129,169**	**-2,676**	**-42,906**	**528,543**	**108,213**	**3,540,434**	**5,612**	**3,546,046**

The line "share capital transactions" reflects the creation of 120,148 class B preference shares under the bonus preference share plans for key Group employees and corporate officers.

7.1.5 Notes to Consolidated Financial Statements

Note 1 Key highlights for the year, 2019

After a year that saw major acquisitions in France and Spain totalling over €450 million, the Group has focused its 2019 development on the restructuring of existing assets in order to consolidate their local and regional leadership positions. Accordingly, the Group continued the extension works at Nice Lingostière and the restructuring of Cité Europe in Calais Coquelles. In November 2019, the Rennes Cesson extension was delivered, creating 35 new shops covering an area of 6,000 sqm and bringing the total number of retail brands at the site to 70.

Note 1.1 Investments

Investments during the year mainly concerned extensions and restructuring of existing French portfolio assets.

Note 1.1.1 Acquisitions

The Group acquired commercial space in Barentin (Normandy), operating rights for the specialty leasing activity in Spain for eight Group-owned shopping malls and a score of plots of land in France for installing mobile phone relay antennas.

Note 1.1.2 Developments and extensions

During the year the Group also continued to redevelop its existing assets through value-creating renovations, restructuring and extension projects.

Accordingly, the Group continued the extension works started in 2018 on the sites of Nice Lingostière (€41.6 million, total investment to date €55.2 million), Rennes Cesson (€23.9 million), the Cité Europe restructurings in Coquelles (€17.9 million) and Bourg-en-Bresse (€2.6 million).

Note 1.2 Disposals

During the year, Carmila did not carry out any material asset disposals.

Note 1.3 Distribution of dividends

On 16 May 2019, the Shareholders' Meeting, based on a proposal by the Board of Directors, appoved the distribution of a dividend of €1.50 per share for the 2018 financial year. This distribution, paid in May 2019, comprised €66.3 million deducted from distributable income and the remaining €138.2 million from the merger premium.

Note 1.4 Debt and financing

During the period, Carmila renegotiated a one-year extension to its syndicated bank borrowing, €770 million drawn, extending the maturity from June 2023 to June 2024.

On 6 November 2019, Carmila carried out a private placement of a €50 million 12-year bond issue with a coupon of 1.89%. This bond issue allows the Group to extend the overall maturity of its debt.

At 31 December 2019 the average maturity of all borrowings was 5.0 years.

Note 2 Accounting principles and methods

These current Group financial statements are the first to incorporate IFRS 16. The changes to accounting methods which have had the most marked effects are described in this paragraph.

On 13 February 2020 the Board of Directors approved and authorised the publication of Carmila's consolidated financial statements for the period from 1 January to 31 December 2019. These financial statements will be submitted for approval to the Shareholders' Meeting on 14 May 2020.

Note 2.1 Presentation of the Group

The Carmila Group ("the Group" or "the Carmila Group") has as its corporate purpose the management and value enhancement of shopping centres and retail parks anchored by Carrefour hypermarkets located in France, Spain and Italy, operated directly or indirectly by Carrefour

At 31 December 2019, the Group employed 189 people, of whom 129 in France, 45 in Spain and 15 in Italy (not including apprentices). The Group owns a portfolio of 215 shopping centres and retail parks, mainly as a result of transactions carried out in 2014. In April 2014, Carmila acquired 126 sites in France, Spain and Italy from the Klépierre Group and later in the year six shopping malls in France from Unibail-Rodamco. The same year, the Group received a contribution from the Carrefour group comprising 47 sites in France, along with various premises and an equity investment in Spain.

Carmila S.A. ("the Company"), which is the Group's parent company, is a SIIC company (French REIT) under French law. Its registered office is located at 58, avenue Émile-Zola, 92100 Boulogne-Billancourt in France.

Initially, the company Carmila S.A.S. was incorporated by Carrefour S.A. on 4 December 2013 for the sole purpose of the operations described above, which took place in 2014. On 12 June 2017, the company merged with Cardety S.A., a listed company in Paris, and was renamed Carmila S.A. following the merger. Since that date, the Group's consolidated financial statements reflect this reverse acquisition.

Note 2.2 Shareholding, stock-market listing and strategic partnership

Carmila's share capital is divided among long-term associates. At 31 December 2019, the largest shareholder is the Carrefour group, which has an equity investment of 35.4% in Carmila's share capital, which it consolidates in its financial statements using the equity method. Carrefour is developing a strategic partnership with Carmila, aimed at revitalising and transforming shopping centres adjoining its hypermarkets in France, Spain and Italy. The remaining 64.6% of the share capital is mainly owned by long-term investors from major insurance companies or leading financial players. The second-largest shareholder is the Colony Group, which holds 9.3% of Carmila's share capital.

Carmila S.A.'s shares are listed for trading on compartment A of Euronext Paris since 1 January 2018.

Note 2.3 Accounting standards

Note 2.3.1 IFRS standards applied

The Carmila Group's consolidated financial statements as of 31 December 2019 have been prepared in accordance with the IFRS (International Financial Reporting Standards) published by the IASB (International Accounting Standards Board) as adopted by the European Union at 31 December 2019, comprising the IFRS, the IAS (International Accounting Standards) as well as their interpretations (SIC and IFRIC). All the texts adopted by the European Union are available on the European Commission's website at:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_en#individual-rps-acts-adopting-international-accounting-standards-ifrsias-and-related-interpretations-ifric.

The European Union adopted the following standards, interpretations and amendments, which are mandatory from 1 January 2019:

- IFRS 16 – *Leases.*

The European Union adopted IFRS 16 which supersedes IAS 17 and related interpretations. This new standard became effective on 1 January 2019 and eliminates the distinction that was previously made between finance leases and operating leases. It results in the recognition on the lessee's balance sheet of a right-of-use asset with a corresponding lease liability, for all types of contracts qualifying as leases. The Group has chosen to use the simplified transition method.

As a lessor, the Group is not significantly impacted by the application of this new standard.

As a lessee, the Group has identified three types of leases that fall under the scope of IFRS 16:

- land leases in the form of ground leases on which the Group owns shopping malls built on land belonging to a third party;
- the leasing of equipment corresponding to the leasing of vehicles;
- the leasing of real estate for the Group's registered offices in France and Spain.

Based on the identified leases, a fixed term rental commitment was discounted and recognised as a liability. The discount rate used is the interest rate at which the Group could have financed the acquisition of the underlying assets over a period equivalent to the fixed term of the lease agreement.

Pursuant to the standard, leases of less than one year, or low-value assets, were excluded from the scope of first-time application of this standard.

a. Leasing of land

The Group has identified eight ground leases involving seven assets in France. The Group does not lease land in Spain or Italy.

Accordingly, the Group recorded a financial debt of €35,135 thousand on the date of first-time application, with the related assets recorded as an investment property at fair value. Annual depreciation is recorded as a change in fair value in the Group's financial statements. The impact at 31 December 2019 was -€622 thousand in change in fair value, -€946 thousand in financial expenses and +€1,581 thousand, in reduction of real estate expenses. The net impact at 31 December 2019 of the first-time application of IFRS 16 on ground leases was therefore +€13 thousand.

b. Movable and immovable property leases (offices, registered offices)

The Group has identified three leases included in the scope of application of IFRS 16: vehicle leases and the leases for the Group's registered offices in Boulogne-Billancourt in France and those in Madrid in Spain. The Group has chosen to present the right-of-use of the asset on the same line as the underlying asset.

The Group recorded a €3,355 thousand financial debt on the date of first-time application with the related assets recorded as property, plant and equipment. The impact at 31 December 2019 was -€982 thousand in depreciation, -€38 thousand in financial expenses and +€837 thousand in reduction of lease expenses. The net impact at 31 December 2019 of the first-time application of IFRS 16 on equipment and office leases is therefore -€183 thousand.

The net impact for the Group of the first-time application of this standard at 31 December 2019 amounts to -€170 thousand and is therefore not material over the period.

In addition, the application of the following standards effective 1 January 2019 has no material impact on the Group:

- IFRIC 23 – *Uncertainty over Income Tax Treatments*.

This interpretation applies to any instance of uncertainty associated with the acceptability of a tax treatment regarding income tax. The analysis of these situations as they apply to the Group did not reveal any significant uncertain issues. The impact of the first-time application of IFRIC 23 on the Group's income tax expense is therefore not material.

- annual IFRS improvements 2015-2017 cycle;
- limited amendments to IAS 19;
- amendment to IAS 28 – *Investments in associates and joint ventures*;
- amendments to IFRS 9 – *Prepayment features with negative compensation*.

The Group has not chosen anticipated implementation of the following standards which are not compulsory as of 1 January 2019:

- the amendments to IAS 1 and IAS 8 relative to the change in the significance of the term "materiality" which will become compulsory as of 1 January 2020, according to the IASB;
- the amendments to the IFRS 3 standard, relating to the definition of a company, which will become compulsory as of 1 January 2020 according to IASB;
- the change in references to the conceptual framework made compulsory as of 1 January 2020 according to the IASB;
- the IFRS 17 standard relating to insurance contracts which becomes compulsory as of 1 January 2021.

Note 2.4 Principal estimates and judgements by management

Preparation of the consolidated financial statements involves the assessment of estimates and assumptions by Group management. These may affect the book value of certain assets and liabilities, income and expenses, as well as information provided in the notes to the financial statements. Group management reviews its estimates and assumptions regularly in order to ensure their relevance in light of past experience and the current economic situation. Depending on changes in these assumptions, items appearing in future financial statements may be different from current estimates.

The main estimates used by management to prepare the financial statements relate to:

- measurement of the fair value of investment property (Note 5 "Investment property"). The Group has its property assets appraised every six months by independent appraisers according to the methods described in Note 5. The appraisers use assumptions for future cash-flows and rates with a direct effect on property values;
- valuation of financial instruments. The Group measures the fair value of the financial instruments that it uses, in accordance with the standard models and practices in on the market and under IFRS 13, as described in Note 6.2.8;
- provisions for risks and other potential liabilities related to operations (Note 7.9 "Non-current provisions");
- the assumptions used to calculate and recognise deferred taxes (Note 9 "Income tax").

Note 2.5 Other principles applied in presenting the financial statements

Note 2.5.1 Conversion of foreign companies' financial statements

The Group's financial statements are presented in thousands of euros, unless otherwise specified. Rounding differences may lead to minor differences between statements.

An entity's functional currency is the currency used for the majority of its cash flows related to operations. All entities within the Group's scope of consolidation are in the euro zone and use the euro as their functional currency.

Note 2.5.2 Conversion of transactions conducted in foreign currencies

When a Group entity carries out transactions in a currency other than its functional currency, they are initially converted at the rate prevailing on the date of the transaction. At the end of the year, monetary financial assets and liabilities denominated in foreign currencies are translated into euros at the closing rate of the currency concerned, with the exchange difference recorded as a profit or a loss.

Note 2.5.3 Transactions eliminated from the consolidated financial statements

Items recorded on the balance sheet or the income statement as income or expenses resulting from intra-Group transactions are eliminated when the consolidated financial statements are prepared.

Note 2.5.4 Balance sheet classification

Assets expected to be sold, consumed or transferred over the normal operating cycle or in the 12 months following the end of the financial period are classified as "current assets", as are assets held for sale and cash and cash equivalents. All other assets are classified as "non-current assets".

Liabilities that the Group expects to settle over the normal operating cycle or in the 12 months following the end of the financial period are classified as "current liabilities".

The Group's normal operating cycle is 12 months.

Deferred taxes are always shown as non-current assets or liabilities.

Note 2.5.5 Income statement classification

The Group has opted to present its proportionate share in the net income of the equity-accounted investments as Operating income, as their business is part of ongoing Group operations.

Note 3 Scope of consolidation and methods

Note 3.1 Consolidation scope and methods

CONSOLIDATION METHODS

Determination of control

The consolidation method is determined in accordance with the control exercised, as defined by IFRS 10 – *Consolidated financial statements*.

Exclusive control: fully consolidated

Subsidiaries are companies controlled by the Group. An investor controls an entity when it exercises power over relevant activities, is exposed or entitled to variable returns by reason of its links to the entity, and has the ability to influence those returns due to the power it holds over the entity. The Group exercises power over an entity when it has the effective rights that confer the actual ability to direct the relevant activities, i.e. those activities that materially affect the entity's returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date of effective transfer of control up until such time as that control ceases to exist.

Joint control and significant influence: equity method

Joint control means the contractually-agreed sharing of control over an entity, which exists only where decisions about the relevant activities require the unanimous consent of the parties sharing control. In accordance with IFRS 11 – Joint Arrangements, interests in partnerships can be classified as either joint operations or joint ventures.

Joint operations: partners ("joint operators") in a joint operation (JO) have direct rights to the assets and assume direct obligations relating to the liabilities of the partnership. Joint operations entail the recognition by each joint operator of the assets over which it has rights, liabilities for which it has obligations, and income and expenses related to interests in the joint operation. Carmila has no joint operations.

Joint ventures: "joint-venturers" in a joint venture only have rights over the joint venture's net assets. Joint ventures are consolidated using the equity method.

Significant influence is presumed when the percentage of voting rights held is equal to or exceeds 20%. All equity interests, regardless of the percentage held, are subject to an analysis to determine whether the Company exerts a significant influence.

The Group's investments in associates and joint ventures are initially recognised at cost, increased or reduced by changes in the percentage of the net assets of the associate after the acquisition. Goodwill related to an associate is included in the book value of the investment.

For companies under joint control and significant influence, the share of income for the period is presented under "Share in net income of associates". On the balance sheet, these equity investments are presented under "Investments in associates".

The financial statements for associates are prepared for the same reference period as that of the Group, and adjusted, where appropriate, to ensure compliance with the accounting policies applied by the Group.

Information on investments in associates is presented pursuant to IFRS 12 – Disclosure of Interests in Other Entities.

Business combinations/acquisitions of assets

To determine whether a transaction is a business combination, the Group considers, in particular, whether a portfolio of activities is acquired in addition to the real estate assets. Thus, if securities are purchased in a company whose sole purpose is the holding of investment property, and in the absence of any other ancillary services (asset-related contract, personnel, know-how), the acquisition is recognised as the acquisition of assets in accordance with paragraph 2(b) of IFRS 3 – *Business Combinations*.

Note 3.2 Main events of 2019

During the year the Group did not carry out any acquisitions, disposals, or mergers.

In France, the company Lou5G was created in order to develop the rental of land plots for 5G antennas using the leverage of the Group's technical knowledge and the land resources of its properties. This company carried out its first acquisitions at the end of the year.

Note 3.3 Description of main partnerships

Note 3.3.1 AS Cancelas – Spain

The shares and voting rights in the Spanish company As Cancelas are held equally by Carmila and its partner, Grupo Realia. All resolutions are adopted by a 50.01% majority.

Property management, marketing and management of the centre are handled by the Group, with administration provided by Grupo Realia. Carmila considers this to be joint control, and the company is therefore consolidated under the equity method.

Note 4 Segment reporting

Note 4.1 Definition of operating segments and indicators used

The Group's Management Committee has been identified as the "chief operating decision-maker" pursuant IFRS 8 – Operating Segments. The operating segments that have been identified by the Management Committee are the three countries in which the Group operates:

- France;
- Spain;
- Italy.

The Group uses the following indicators to measure the Group's performance and activity:

- gross rental income;
- net rental income by operating segment;
- operating income, recurring and non-recurring.

The Group defines recurring operating income as operating income before changes in the fair value of investment properties and adjusted for non-recurring expenses and income, such as:

- gain/(losses) on disposals of investment properties and equity investments;
- any other non-recurring income or expense.

Direct overhead expenses for each segment are recorded as expenses by each segment. Shared overhead expenses that are borne by the France segment are rebilled to the other segments on a prorated basis for the services rendered.

Furthermore, the Management Committee also reviews changes in the fair value of investment properties by segment when this information is available (twice per year).

Over the two financial years presented, no individual lessee represented more than 5% of the Group's rental income.

Note 4.2 Operating income by operating segment

	France		Spain		Italy		Total	
(in thousands of euros)	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Gross Rental income	**242,408**	**234,177**	**93,259**	**82,018**	**23,790**	**24,055**	**359,457**	**340,250**
Real estate expenses	-3,012	-1,825	-775	-1,106	-858	-943	-4,645	-3,874
Non-recoverable rental charges	-4,424	-6,295	-3,780	-4,806	-313	39	-8,517	-11,062
Property expenses (landlord)	-10,841	-8,789	-1,488	-1,215	-782	-1,652	-13,111	-11,656
Net Rental Income	**224,131**	**217,268**	**87,216**	**74,891**	**21,837**	**21,499**	**333,184**	**313,658**
Overhead expenses	-37,752	-38,266	-11,637	-9,323	-3,451	-2,985	-52,840	-50,574
Income from management, administration and other activities	*9,343*	*4,273*	*409*	*224*	*725*	*98*	*10,477*	*4,595*
Other income	*1,282*	*4,909*	*17*	*1,708*	*108*	*14*	*1,407*	*6,631*
Payroll expenses	*-20,248*	*-20,570*	*-3,660*	*-3,548*	*-1,237*	*-721*	*-25,145*	*-24,839*
Other overhead expenses	*-28,129*	*-26,878*	*-8,403*	*-7,707*	*-3,047*	*-2,376*	*-39,579*	*-36,961*
Other income from operations	-	-	-	-	-	-	-	-
Allowances for depreciation of fixed assets, amortisation of intangible fixed assets and provisions	-2,459	-3,049	-871	-46	-163	-413	-3,493	-3,508
Other recurring operating income and expense	1,405	-261	-62	-	-	-16	1,343	-277
OPERATING INCOME – CURRENT	**185,325**	**175,692**	**75,523**	**66,364**	**18,204**	**18,071**	**279,052**	**260,127**
Other non-recurring operating income and expense	-	-	-	-	-	-	-	-
Gain (loss) on disposals of investment properties and equity investments	-610	-1,635	-	6	-	-167	-610	-1,796
Gain (losses) on disposals of intangible and other tangible assets	-	-	-	-	-	-	-	-
Change in fair value adjustments	-84,425	-14,829	-7,192	15,384	1,445	13,031	-90,172	13,586
Increase in the fair value of property adjustments	*45,609*	*81,699*	*16,329*	*33,600*	*3,180*	*13,031*	*65,118*	*128,330*
Decrease in the fair value of property adjustements	*-130,034*	*-96,528*	*-23,521*	*-18,216*	*-1,735*	-	*-155,290*	*-114,744*
Share of net income in equity accounted investments – non-current	-	-	3,527	3,060	-9	-6	3,518	3,054
OPERATING INCOME	**100,290**	**159,228**	**71,858**	**84,814**	**19,640**	**30,929**	**191,788**	**274,971**

Note 4.3 Breakdown of investment property by operating segment

The value of investment properties by country is presented separately whether relating to assets at fair value or assets at cost.

(in thousands of euros)	31/12/2019	31/12/2018
Investment properties carried at fair value	**6,001,608**	**5,953,655**
France	4,305,544	4,283,277
Spain	1,342,870	1,319,540
Italy	353,194	350,838
Investment properties carried at cost	**68,785**	**62,605**
France	68,735	39,243
Spain	50	23,362
Italy	0	0
TOTAL	**6,070,393**	**6,016,260**

At 31 December 2019, regarding value of assets, 72.1% of the Group's investment properties were located in France (compared to 71.9% at 31 December 2018), 22.1% in Spain (compared to 22.3%) and 5.8% in Italy (same as 31 December 2018).

Note 4.4 Breakdown of capital expenditure by operating segment

ICapital expenditures in investment properties by country are disclosed separately depending on whether they are for acquisitions, developments or capital expenditure on the portfolio on a like-for-like basis (constant scope) (extensions, restructuring, benefits granted to tenants or renovation).

	France		Spain		Italy		Total	
(in thousands of euros)	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Acquisitions	5,390	172,205	2,969	285,013	0	4	8,359	457,222
Developments	0	11,600	0	0	0	0	0	11,600
Like-for-like capital expenditures	106,934	101,949	4,206	9,908	1,179	3,069	112,319	114,926
Extensions	*68,296*	*75,847*	*0*	*0*	*442*	*2,277*	*68,738*	*78,124*
Restructuring	*19,552*	*3,529*	*0*	*0*	*0*	*0*	*19,552*	*3,529*
Advantages granted to lessees	*9,899*	*8,417*	*1,914*	*1,566*	*45*	*0*	*11,858*	*9,983*
Renovation	*3,926*	*2,096*	*2,223*	*8,298*	*30*	*468*	*6,179*	*10,862*
Maintenance Capex	5,261	12,060	69	44	662	324	5,992	12,428
TOTAL CAPITAL EXPENDITURES	**112,324**	**285,754**	**7,175**	**294,921**	**1,179**	**3,073**	**120,678**	**583,748**

"**Acquisitions**" include the acquisition of commercial leasable area in Barentin (Normandy), operating rights for the specialty leasing activity in Spain for eight Group-owned shopping malls and a score of plots of land in France for building mobile phone relay antennas.

There are no "**Developments**" in 2019, as the Group had not carried out any greenfield projects. In 2018, the Cap-Saran retail park in Orléans was shown under this heading.

Lastly, "**Capital expenditure on a like-for-like basis**" includes extensions, restructuring, benefits granted to tenants, renovations and capital expenditure on maintenance. In 2019, it essentially concerned operations in France.

Extensions: extensions essentially concerned the Nice Lingostière (€41.6 million) and Rennes Cesson (€23.9 million) projects.

Restructuring and benefits granted to tenants: the two main restructuring operations in the year were Bourg-en-Bresse (€2.6 million) and Cité Europe in Coquelles (€17.9 million).

Renovations: renovations were made on sites in the process of being extended or restructured in France, mainly Bourg-en-Bresse, Rennes Cesson and Thionville. Renovation work was started on the sites acquired in 2018 in Spain.

Capital expenditure on maintenance: these investments account for just 5% of the total investments. They are mainly spent on assets being redeveloped where renovation and modernisation works are being carried out. They will upgrade pre-existing parts of the malls in order to optimise value creation.

Note 5 Investment properties

ACCOUNTING POLICIES

Method adopted: fair value

An investment property is a property that is held for the purpose of earning rental income or for capital appreciation, or both. The Group views shopping centres as investment properties. In accordance with the method proposed by IAS 40 and the recommendations of EPRA (European Public Real Estate Association), investment properties are recognised and valued individually at cost and then subsequently at fair value.

The difference between the fair value of an investment property on the closing date and its book value before its fair value adjustment on this date is recorded in the income statement as a gain or loss.

The fair value excludes transfer taxes and costs (taxes are assessed on the basis of a disposal of the asset even though these costs may sometimes be reduced if the disposal is performed through a share deal of the company holding the related asset).

Under IFRS 13, fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an arm's-length transaction between market operators on the valuation date.

Cost of investment property – general

The acquisition costs of an investment property are capitalised with the value of the investment property.

During the life of the property, expenses such as building works, letting costs and other internal project development costs are also capitalised.

In addition, intangible fixed assets such as lease rights or commercial rights for common areas for the specialty leasing business are taken into account in the valuations made by appraisers, and are therefore incorporated in the asset value shown in the consolidated financial statements.

Early termination paid to the lessee upon termination of a lease still in force is recognised as follows:

- restructuring of a site: if compensation is paid as part of a property renovation programme, the compensation is included in the cost price of the work performed;
- replacement of a lessee: if compensation is paid to enable earning a higher level of rent than that of the previous lessee and thus to increase the asset's value, this expense is included in the cost of the asset. Otherwise, it is booked as an expense.

Cost of investment property – under construction

The capitalised expenditure for investment properties under construction (including extensions) includes the cost of works, the cost of loans directly attributable to the acquisition, the construction or production of the asset, when this is a prerequisite to using this asset, as well as the costs related to letting the retail space for the first time.

Capitalised borrowing costs are determined by applying the Group's weighted average cost of borrowing for the related country to the average outstanding amount of construction work done, or, where applicable, based on the borrowing costs paid for specific borrowings. Capitalisation of interest ceases when the asset under construction is commissioned.

Investment properties under construction may be appraised at fair value. If the fair value cannot be reliably determined, these projects will continue to be valued at cost, until their fair value can be reliably determined. As with the other fair value assets, they are valued at market value by an independent appraiser.

The Group believes that a development project's fair value can be reliably determined if the following three conditions are simultaneously met:

- all necessary administrative authorisations required for the development have been obtained;
- the construction contract has been signed and the works have begun; and
- there is no longer uncertainty regarding the amount of future rents.

The project margin is then recognised (IPUC) on the line "Investment properties at fair value".

Appraisal method

Fair value is calculated using the valuation rules of IFRS 13; given the complexity of property asset valuation and the nature of certain inputs that are publicly unobservable (pace of rental growth, capitalisation rate), the fair values have been categorised in Level 3 in accordance with the fair value hierarchy, established under the standard based on the type of inputs used for valuation.

The fair values used are determined on the basis of the conclusions of independent experts. Carmila uses appraisers to value its assets at the end of every half-year. The assets are inspected during these appraisals. The expert valuations comply with the guidance contained in the RICS Appraisal and Valuation Manual, published by the Royal Institution of Chartered Surveyors ("Red Book"). In order to conduct their work, the appraisers have access to all the information required for valuation of the assets, and specifically the rent roll, the vacancy rate, rental arrangements and the main performance indicators for tenants (revenues).

They independently establish their current and future cash-flow estimates by applying risk factors either to the net income capitalisation rate or to future cash-flows.

On the basis of the data provided, two methods are used to value assets:

Net-income capitalisation method

This method consists in applying a yield to the total triple-net revenue for occupied premises and capitalising the net market rent for vacant premises.

For rented units, the total triple-net revenue is determined on the basis of the rents indicated in the rental base, less any non-recoverable charges. For vacant premises, a market rent is used that takes into account an appropriate vacancy period.

The yield used is that found in the property market for a comparable property, and, in particular, reflects the sale area as well as such specific factors as location, access, visibility, retail competition, form of mall ownership (full ownership, joint ownership, etc.), rental and expansion potential, and recent transactions involving the same type of asset.

From the value thus obtained are deducted the net present value of the benefits granted to lessees, all vacancy costs on empty premises and other non-recurring costs or works.

Discounted cash-flow method

With this method, a property's discounted value is equal to the total future net revenue available over a given time-frame (generally 10 years). The net revenue available for each year is calculated in the same way as the net revenue defined in the capitalisation method, to which are added non-recurring expenses (works, rent changes, and other) indexed over time. A resale value is calculated for the property, based on the last indexed rent as of the resale date, less any related expenses, to which a yield is applied.

The discount rate used is a risk-free rate (the Public French OAT TEC 10- year rate), increased by property market risk and liquidity premiums as well as asset-specific premiums (based on the nature of the property, rental risk, obsolescence premium).

The appraisers appointed by Carmila are as follows:

- Cushman & Wakefield and Catella in France;
- Cushman & Wakefield and Catella in Spain;
- BNP Paribas Real Estate in Italy.

They use one or more of the above methods. Cushman & Wakefield primarily uses the discounted cash-flow method, while Catella systematically uses an average of the two methods.

Compensation paid to appraisers, previously approved for appraisal campaigns, is set at a flat rate depending on the number of retail units and complexity of the appraised assets. It is entirely independent from the valuation of the assets. During the 2019 appraisal campaign, appraisers' compensation was as follows:

(in thousands of euros)	**Appraisal fees 2019**
Cushman & Wakefield	218
Catella	186
BNP Paribas Real Estate	23
TOTAL	**427**

In addition, during the financial year, these three experts were hired to perform valuation assignments on proposed acquisitions for €8 thousand.

The valuations completed by the independent appraisers are reviewed internally by the relevant Department as well as by competent individuals within each operational division. This process includes discussions regarding the assumptions used by the independent appraisers, as well as a review of the results of the valuations. These reviews of the valuation process occur every six months and involve the investment department and the independent appraisers.

The difference between the fair value thus determined at the reporting date and the fair value at the start of the year plus works and expenses capitalised for the year is recorded in profit or loss.

Property under construction valued at cost is subject to impairment testing, determined by comparison with the project's estimated fair value. The project's fair value is measured internally by the Development teams, on the basis of an exit capitalisation rate and the expected net rents at the end of the project. If the fair value is less than the book value, a write-down is performed.

The investment properties valued at cost are tested for impairment at 30 June and 31 December of each year, as soon as there is an indication of loss of value. When such an indication appears, the new recoverable value is compared to its book value and an impairment is recorded.

Investment property acquired over six months earlier is assessed by independent appraisers at 30 June and 31 December each year. Acquisitions of the current half-year are therefore recognised at acquisition cost.

Lease agreements

When signing long-term lease agreements notably involving property assets, the Group analyses contractual provisions to determine whether the agreement is an operating lease or a finance lease, i.e. an agreement that effectively transfers to the lessee virtually all of the inherent risks and benefits of the property's ownership. When a property complex is leased, the land and building are analysed separately.

The first-time application of IFRS 16 on 1 January 2019 resulted in the elimination of the distinction that was previously made between finance leases and operating leases. This results in the recognition on Carmila's balance sheet of a right-of-use over the leased asset with a corresponding lease liability on ground leases (3.3 "Accounting standards"). Guaranteed future incoming lease payments are discounted. Assets are depreciated over the same period as property, plant and equipment that the Group owns or over the term of the lease where this is shorter than the useful life of the properties. Lease payments are allocated between financial expenses and amortisation of the debt.

Investment properties held for sale

Assets under commitment to sell, a mandate for sale or whose disinvestment has been approved by the Investment Committee are presented, in accordance with the provisions of IFRS 5 – Non-current assets held for sale, on a separate line in the statement of financial position at their last appraisal value. The capital gain or loss on the disposal of the investment property, which is the difference between the net sale proceeds and the book value of the asset, is recorded in the income statement.

Income on disposal

Finally, disposal gains are determined by the difference between the proceeds from the sale and the book value of the property asset at the start of the period adjusted for investment expenditure over the period and any deferred taxes recognised on the historic unrealised gain recorded for this asset.

Note 5.1 Details of investment properties carried at fair value and at cost

(in thousands of euros)	
Investment properties carried at fair value – 31/12/2017	**5,356,002**
Acquisitions	271,534
Change in scope of consolidation	153,765
Investments	107,579
Capitalised interest	1,070
Disposal and removals from scope of consolidation	-23,490
Other movements and reclassifications	73,609
Change in fair value	13,586
Investment properties carried at fair value – 31/12/2018	**5,953,655**
Acquisitions	5,523
Change in scope of consolidation	0
Investments	70,413
Capitalised interest	253
Disposal and removals from scope of consolidation	-6,361
Other movements and reclassifications	33,162
Change in accounting method	35,135
Change in fair value	-90,172
Investment properties carried at fair value – 31/12/2019	**6,001,608**

(in thousands of euros)	
Investment properties carried at cost – 31/12/2017	**91,581**
Acquisitions	31,923
Change in scope of consolidation	0
Investments	17,356
Capitalised interest	521
Disposal and removals from scope of consolidation	0
Other movements and reclassifications	-78,776
Change in accounting method	0
Change in fair value	0
Investment properties carried at cost – 31/12/2018	**62,605**
Acquisitions	2,836
Change in scope of consolidation	0
Investments	41,042
Capitalised interest	611
Disposal and removals from scope of consolidation	0
Other movements and reclassifications	-38,309
Change in accounting method	0
Change in fair value	0
Investment properties carried at cost – 31/12/2019	**68,785**

Note 5.1.1 Investment properties measured at fair value

The "Acquisitions" include the acquisition of the commercial rights of the specialty leasing activity in eight shopping malls held by Carmila in Spain, for €2.9 million, and one unit in Barentin, for €2.1 million.

The "Investments" include the main investments described in Note 1.1 "Investments".

The "Changes in accounting methods" recoups the first-time application of IFRS 16, whose impacts are presented in Note 2.3 "Accounting standards".

The "Other movements and reclassifications" item shows the net balance of asset commissioning during the period, the replacement of assets measured at cost at 31 December 2018 by their fair value and properties reclassified as assets held for sale.

Finally, the "Change in fair value" records the adjustment to fair value of the value of the assets using appraisals by independent experts over the period.

Note 5.1.2 Investment properties carried at cost

The line "Acquisitions" includes the acquisition at year-end of a score of plots of land in France for building mobile phone relay antennas.

The lines "Investments" and "Capitalised interest" include the Nice Lingostière project (€41.6 million).

At 31 December 2019, no indication of a loss in value requiring an impairment had been identified for investment properties valued at cost.

The reconciliation of the investments broken down by country (Note 4.4 "Investments broken down by operating segment") and the above data is as follows:

(in thousands of euros)		31/12/2019
Investment properties carried at fair value – Investment	5.1	5,523
Investment properties carried at fair value – Capitalised interest	5.1	0
Investment properties carried at cost – Investments	5.1	2,836
Investment properties carried at cost – Capitalised interest	5.1	0
TOTAL ACQUISITIONS AND CHANGE IN SCOPE OF CONSOLIDATION		**8,359**
TOTAL ACQUISITIONS – INVESTMENTS BY COUNTRY	**4.4**	**8,359**

(in thousands of euros)		31/12/2019
Investment properties carried at fair value – Investment	5.1	70,413
Investment properties carried at fair value – Capitalised interest	5.1	253
Investment properties carried at cost – Investments	5.1	41,042
Investment properties carried at cost – Capitalised interest	5.1	611
TOTAL INVESTMENTS AND CAPITALISED INTERESTS		**112,319**
Development and extensions	4.4	68,738
Like for like investments	4.4	43,581
TOTAL ACQUISITIONS – DEVELOPMENT AND EXTENSIONS AND LIKE FOR LIKE INVESTMENTS	**4.4**	**112,319**

Note 5.2 Valuation assumptions and sensitivity analysis

Given the limited public data available, the complexity of real estate appraisals and the fact that real estate appraisers use the Group's confidential rental statements for their valuations, Carmila believes that a Level 3 fair value classification of its assets is the most appropriate. In addition, non-publicly observable data, such as rent growth rate assumptions or capitalisation rates, are used by experts to determine the fair values of Carmila's investment property.

At 31 December 2019, 98.9% of the Group's net asset value had been subject to an independent appraisal. It should be noted that the value of assets acquired during the second half of the year, and therefore measured at its acquisition cost, is marginal.

The balances of rental charge deferrals and front-end fees spread over the fixed term of the leases amount to €1.9 million. These amounts are included in the appraisal method used by the independent appraisers for their valuation and thus included in the asset value and taken into account in the calculation of the change in the fair value adjustment.

The table below presents the quantitative information used to determine the fair value of investment properties:

31/12/2019 – Weighted average	Yield	Rent *in € per sq.m*[1]	Discount rate[2]	Exit rate[3]	CAGR of NRI[4]
France	5.4%	264	5.9%	5.8%	1.6%
Spain	6.4%	227	8.5%	6.4%	1.7%
Italy	6.2%	293	7.2%	6.3%	1.8%

(1) The rent is an annual average rent equal to (guaranteed minimum lease payments + variable rental revenu) per asset and per occupied sqm.
(2) Rate used to calculate the present value of future cash flows using the DCF method (discount rate).
(3) Rate used to capitalise revenues in the exit year in order to calculate the exit value of the asset (exit yield).
(4) Average annual 10-year NRI growth rate used by the appraisers.

These data are stable when compared to 31 December 2018:

31/12/2018 – Weighted average	Yield	Rent *in € per sq.m*[1]	Discount rate[2]	Exit rate[3]	CAGR of NRI[4]
France	5.2%	266	5.9%	5.6%	1.6%
Spain	6.2%	224	8.2%	6.2%	1.7%
Italy	6.2%	301	7.3%	6.4%	1.8%

(1) The rent is an annual average rent equal to (guaranteed minimum lease payments + variable rental revenu) per asset and per occupied sqm.
(2) Rate used to calculate the present value of future cash flows using the DCF method (discount rate).
(3) Rate used to capitalise revenues in the exit year in order to calculate the exit value of the asset (exit yield).
(4) Average annual 10-year NRI growth rate used by the appraisers.

The table below summarises the impact of the change in the in fair value of investment properties in the income statement, by country:

	France		Spain		Italy		Total	
(in thousands of euros)	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Change in fair value adjustments	-84,425	-14,829	-7,192	15,384	1,445	13,031	-90,172	13,586
Increase in the fair value of property adjustments	45,609	81,699	16,329	33,600	3,180	13,031	65,118	128,330
Decrease in the fair value of property adjustments	-130,034	-96,528	-23,521	-18,216	-1,735	-	-155 290	-114 744

Based on the asset fair value, excluding transfer taxes and related costs, the average yield on assets is stable and stands at 5.90% at 31 December 2019 (compared to 5.76% at 31 December 2018).

All else being equal, a 10 basis-point increase in yields would result in a decrease in the value of the total portfolio, including transfer taxes and duties (excluding assets under development or equity-accounted and excluding the effect of changes in rents resulting from the decrease in yield) of €106 million (or -1.7%). A 25 basis-point drop in yields would reduce the value of the portfolio by €258 million (-4.1%).

Note 5.3 Investment properties held for sale

At 31 December 2019, there were no investment properties held for sale.

Note 6 Financing and financial instruments

ACCOUNTING POLICIES

Loans and other financial liabilities are valued as amortised cost calculated in accordance with the effective interest rate method.

Redemption premiums on bond loans and issuance costs are recorded as a deduction from the nominal amount of the borrowings concerned and are accounted for as amortised cost, thereby increasing the nominal interest rate.

The Carmila Group has introduced a debt hedging policy that aims to secure the cash-flows related to its financing requirements represented by debt in euros, IFRS 9 – *Financial Instruments* defines three types of hedging relationships:

- fair value hedging: a hedge of exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (or an identified portion of such an asset, liability or firm commitment), which is attributable to a specific risk and could affect earnings;
- cash-flow hedging: a hedge against exposure to changes in cash-flow that (i) is attributable to a specific risk associated with a recognised asset or liability (such as all or a part of future interest payments on floating-rate debt) or a highly probable forecasted transaction, and ii) could affect earnings;
- hedging of a net investment in a foreign operation, as defined in IAS 21 – *The Effects of Changes in Foreign Exchange Rates*.

In Carmila's case, all interest-rate derivatives in the portfolio are documented as cash-flow hedges except for one residual cost recognised at fair value with changes through profit and loss.

The use of cash-flow hedge accounting has the following consequences: at the reporting date, interest-rate swaps are recognised at fair value on the statement of financial position, with the effective portion of the change in fair value being recognised directly in Other Comprehensive Income (OCI), and the ineffective portion as a loss though the Income statement. The amount recognised in "Other comprehensive income" is later recognised through profit and loss in a symmetrical manner to the hedged interest flows.

Carmila uses the dollar offset method for measuring hedge effectiveness.

Method for determining the fair value of financial instruments

The market values of interest rate instruments are determined based on market-recognised valuation models or by using prices from third-party financial institutions.

The values estimated by valuation models are based on the discounting of expected future cash-flows for future contracts and on the Black-Scholes models for options. These models use parameters based on market data (yield curves and exchange rates) obtained from recognised financial-data providers.

The assessment of fair value for derivative financial instruments includes a "counterparty risk" component for derivatives held as assets and a "self credit risk" component for derivatives held as liabilities. Counterparty risk is calculated using the "Expected-loss" method, which takes default risk exposure into account as well as the likelihood of default and the loss rate in the event of default. The probability of default is determined based on available market data for each counterparty (so-called "implied CDS default probability").

The fair value of long-term debt is estimated according to the market value of bonds or of all future flows discounted in accordance with market conditions for a similar instrument (in terms of currency, maturity, interest type and other factors).

Application of IFRS 9 – Renegotiation of debt

Carmila is also financed by way of a bank loan for a nominal initial amount of €770 million. The loan was underwritten in 2013 and has been renegotiated several times since. Successive renegotiations did not make any substantial modifications to the initial contract as defined under IFRS 9. As a result, the book value of the debt with its original effective interest rate (EIR) was recognised as equity, leading to a €19,754 thousand decrease in the value of the debt and an increase in equity for the same amount. This reduction of the debt's original EIR is spread over the residual duration of the underlying liability.

In June 2018, the debt was renegotiated. Its maturity was extended by one year, to 2023. No other terms of the loan were changed.

Finally, in May 2019, that same debt was renegotiated. The maturity of the debt was extended by one year, to 2024. No other terms of the loan were changed. This reduction of the debt at its original EIR led to recognizing a gain of €4,707 thousand recorded in other financial income, spread out over the residual duration of the underlying liability. At 31 December 2019, the total charge linked to the spreading over time of the reduction of the original EIR of the liability amounted to €4,895 thousand and is recognised in other financial expenses.

Note 6.1 Net financial income

Note 6.1.1 Cost of net debt

(in thousands of euros)	31/12/2019	31/12/2018
Financial income	**506**	**384**
Interest on Group current-account	231	222
Financial income on cash equivalents	275	162
Other financial income	0	0
Financial expense	**-57,224**	**-54,011**
Interest expense on bonds	-36,160	-34,593
Interest expense on borrowings from lending institutions	-6,244	-6,482
Capitalised interest expense	864	1,591
Amortisation of costs, bond redemption premiums and deferred swaps reversal costs	-6,905	-7,276
Interest expense on swaps	-7,731	-6,048
Other interest expense	-1,018	0
Interest on Group current-account	-30	0
Other financial expenses	-30	-1,203
COST OF NET INDEBTEDNESS	**-56,718**	**-53,627**

The cost of net debt for 2019 breaks down as follows:

- interest on bank borrowings is -€6,244 thousand. The reduction of this item is mainly due to the decrease in interest rates and a repayment of €100 million of the nominal amount of the debt, on 16 December 2019. Financial charges were reduced by the capitalisation of €864 thousand in borrowing costs for the extension projects. The sharp fall in the amount of financial interest capitalised was basically due to the decline in the number of extension projects under way, only Rennes Cesson and Nice Lingostière are concerned in 2019;
- interest on bonds stands at -€36,160 thousand, compared to -€34,593 thousand in 2018. This increase is explained by the full-year effect in 2019 of the bond issue of February 2018 for a nominal value of €350 million and by the cost of the €50 million bond issue of November 2019 which contributed €142 thousand to financial expenses;
- a charge relating to amortisation of the expenses for bond and borrowing premiums and issuance costs in the amount of €6,905 thousand. They include the amortisation of prior year's swap breakage costs (-€1,944 thousand). This item decreased as a result of the decline in the amortisation charge for swap breakage costs (-€0.7 million), offset by the accelerated amortisation of €0.6 million of issuance costs for the proportional part of the loan repaid;
- the net cost of hedging derivatives was -€7,731 thousand compared with -€6,048 thousand in 2018, as a result of contracting new swaps during the year;
- other interest expenses on loans and equivalent of €1,018 thousand represent the impact of the application of IFRS 16;
- financial income includes interest received on current accounts extended to non-consolidated companies and interest collected on drawdowns of commercial paper (in a negative rate context).

Note 6.1.2 Other financial income and expenses

(in thousands of euros)	31/12/2019	31/12/2018
Other financial income	**8,813**	**5,240**
Financial income from investments	0	0
Change in value of financial instruments	543	768
Reversal of short-term investment provision	3,046	0
Change in fair value of participations	496	0
Other financial income	4,728	4,472
Other financial expenses	**-10,202**	**-10,171**
Change in fair value of financial instruments	0	0
Commitment fees on undrawn credit lines	-2,956	-2,947
Loss on short-term investments	-1,033	-3,046
Amortisation of IFRS 9 implementation	-4,895	-4,026
Swap unwinding amortised cost	-555	0
Other financial expenses	-763	-152
OTHER FINANCIAL INCOME AND EXPENSES	**-1,389**	**-4,931**

The net balance of other financial income and expense improved by €3.6 million, mainly due to an increase in financial income.

The improvement in other financial income is due to the reversal of a provision for impairment of the book value of short term investments for €3,046 thousand. Other financial income essentially comprises income of €4,728 thousand resulting from the application of IFRS 9 to the one-year extension of the bank loan of €770 million. The change in the fair value of the hedging instruments (ineffective portion and change in CAP values over time) and of the credit risk had a positive impact of €543 thousand over the year.

Other financial charges were stable at -€10,202 thousand compared with -€10,171 thousand in 2018. The effect of spreading over time the adjustment back to the initial EIR of the bank loan was recognised for €4,895 thousand. The remainder consists mainly of non-utilisation fee on undrawn credit lines for €2,956 thousand and a loss on the disposal of marketable securities of €1,033 thousand, partially off-set by the reversal of the provision of €3,046 thousand.

The Group decided to recognise one of its non-consolidated investments at fair value, which gave rise to an unrealised capital gain of €496 thousand at 31 December 2019.

Lastly, in December, the unwinding of swaps nearing maturity led to the recognition of an expense of €555 thousand caused by the write-down of hedging derivatives as a resultof the nominal €100 million early repayment of the bank loan.

Note 6.2 Current and non-current financial liabilities

On 16 July 2019, S&P confirmed Carmila's BBB rating.

At 31 December 2019, the interest coverage ratio was 5.0x, the loan-to-value ratio stood at 34.9% and the average debt maturity at 5.0 years.

Note 6.2.1 Evolution of indebtedness

(in thousands of euros)	31/12/2018	Change	Issuance	Repayment	Reclassifications	Other movements	Fair value adjustment	31/12/2019
Non-current financial liabilities	**2,301,426**	**-4,113**	**48,887**	**-95,039**	**-686**	**0**	**10,923**	**2,261,398**
Bonds	1,550,000	-	50,000	-	-	-	-	1,600,000
Bond issuance premiums	-10,236	-	-	1,777	-	-	-	-8,459
Borrowings from lending institutions	755,002	-	-	-100,000	-686	-	-	654,316
Loan and bond issuance fees	-12,085	-	-1,113	3,184	-	-	-	-10,014
Derivative instruments – liabilities	18,746	-4,113	-	-	-	-	10,923	25,556
Current financial liabilities	**88,502**	**-1,476**	**76,637**	**-2,395**	**686**	**-**	**-**	**161,954**
Borrowing from lending institutions	-2,134	-	188	-2,381	686	-	-	-3,641
Accrued interest on loans	15,019	-	449	-14	-	-	-	15,454
Other loans and related current debt[(1)]	70,000	-	76,000	-	-	-	-	146,000
Derivative instruments – liabilities	0	-	-	-	-	-	-	0
Bank facilities	5,617	-1,476	-	-	-	-	-	4,141
Other financial debt related to IFRS 16	**0**	**0**	**0**	**-1,004**	**-430**	**38,490**	**0**	**37,056**
Other financial debt IFRS 16 – non-current	0	0	0	0	-1,407	35,963	0	34,556
Other financial debt IFRS 16 – current	0	0	0	-1,004	977	2,527	0	2,500
GROSS DEBT	**2,389,928**	**-5,589**	**125,524**	**-98,438**	**-430**	**38,490**	**10,923**	**2,460,408**

(1) Other loans and related current debt comprise a commercial paper program. The maximum drawn from the programme was €155,000 thousand during 2019. .

Note 6.2.2 Principal Group financing

(in thousands of euros)	Borrower	Currency of Issue	Interest rate	Final maturity date	Repayment profile	Maximum amount	Amount drawn at 31/12/2019
Bonds						**1,600,000**	**1,600,000**
	Carmila SA	EUR	2.375%	Sept-23	in fine	600,000	600,000
	Carmila SA	EUR	2.375%	Sept-24	in fine	600,000	600,000
	Carmila SA	EUR	2.125%	Mar-28	in fine	350,000	350,000
	Carmila SA	EUR	1.890%	Nov-31	in fine	50,000	50,000
Bank loans						**770,000**	**670,000**
	Carmila SA	EUR	Euribor 3M	June 24	in fine	770,000	670,000
Treasury bills						**600,000**	**146,000**
	Carmila SA	EUR				600,000	146,000
Other financing – mortgages						**3,068**	**686**
	Financière Géric	EUR	2,65%	Dec-19	amortised	1,054	0
	Financière Géric	EUR	Euribor 3M	Mar-20	amortised	1,098	222
	Financière Géric	EUR	2,70%	Dec-20	amortised	916	464
TOTAL						**2,973,068**	**2,416,686**

Note 6.2.3 Bonds

Carmila has four bonds, issued in 2015, 2016, 2018 and 2019, for a total amount of €1,600 million.

On 10 September 2015, Carmila issued a bond for a nominal amount of €600 million, for a net consideration received on 18 September 2015 of €593,034 thousand, after deduction of the issue premium and bank commissions. This bond was issued for an eight-year term maturing on 18 September 2023 with a coupon of 2.375% per annum.

Carmila issued a second bond for a notional value of €600 million, dated 24 March 2016. After the issue premium and bank commissions were deducted, Carmila received €592,998 thousand. This bond matures on 16 September 2024 and bears a coupon of 2.375% per annum.

As part of the merger with Cardety, Carmila secured approval from a qualified majority of bondholders for both bonds, convened to a first meeting on 24 May 2017, to transfer these financial liabilities to Cardety.

In February 2018, Carmila issued a third bond with a par value of €350 million, dated 7 March 2018. Net of the premium and bank commissions, deducted from the nominal amount of the debt, Carmila received €347,767 thousand. This 10-year bonds matures on 7 March 2028.

Lastly, in November 2019, Carmila launched a private bond placement for a nominal value of €50 million. Net of the premium and bank commissions, deducted from the nominal amount of the debt, Carmila received €49,787 thousand. This 12-year bond, the longest of the Group, matures on 6 November 2031.

At 31 December 2019, Carmila's outstanding bonds therefore totalled €1,600 million, of which €11,946 thousand in premiums and issue costs remained to be amortised over the residual period of the underlying debts.

Note 6.2.4 Borrowings from lending institutions

On 15 December 2013, Carmila and a pool of banks signed a loan agreement for a total amount of €1,400 million, including a €1,050 million term loan as Tranche A, used to partially fund the acquisition of investment properties from the Klépierre group, and a five-year revolving credit facility of €350 millions. Facility A was fully drawn down in 2014. A rider to this agreement was signed on 30 July 2015, extending the maturity to 30 July 2020, with the option of two further one-year extensions. The first extension, requested in 2016, extended the maturity date to 30 July 2021.

On 17 September 2014, Carmila and a banking syndicate entered into a second loan agreement to partially finance the acquisition of assets from Unibail and Carrefour in the autumn of 2014, with a Tranche A loan of €496 million and a revolving credit facility of €124 million. The Tranche A loan was drawndown in full on 27 November 2014. This agreement was signed for five years and was set to mature on 17 September 2019. During 2016, following the placement of the second bond, the Group made a partial repayment of the Tranche A drawdown in the amount of €406 million. On 31 May 2016, Carmila negotiated an increase in the existing revolving credit facility, signed under the same loan agreement, increasing it from €124 million to €396.5 million.

Another amendment was signed to this syndicated loan agreement on 16 June 2017. The drawdown amount was adjusted to €770 million and the revolving credit facility was cancelled. The maturity date of this loan agreement was extended by five years to 16 June 2022.

On 16 June 2017, the Group repaid the outstanding balance of €90 million of this syndicated loan and cancelled the related unused revolving credit facility.

Carmila renegotiated all its bank loans in June 2017, at the same time as the merger with Cardety, and signed a new five-year loan agreement for €770 million.

On 16 May 2018, the maturity of the syndicated loan fully-drawn in 2017 was extended by one year to June 2023. This "renegotiation" led to the capitalisation of €765 thousand in fees spread over the remaining term of the underlying debt. In May 2019, the maturity of this fully drawn credit facility of €770 million, was extended by one year to June 2024. This renegotiation led to the capitalisation of an additional €765 thousand in fees spread over the remaining term of the underlying debt. In December 2019, the company elected to prepay €100 million of the term loan reducing the closing balance to €670 million.

At 31 December 2019, €6,491 thousand of issuance costs for these loans remain to be amortised over the period of the underlying debts.

Note 6.2.5 Compliance with prudential ratios at 31 December 2019

The loan agreement and the revolving credit facilities are subject to compliance with covenants measured at the closing date of each half-year and year:

- interest cover: the ratio of EBITDA to the net cost of debt must be greater than 2.00 at the test dates. This ratio stands at 5.0x at 31 December 2018 (compared with 4.9x at 31 December 2018);
- loan-to-value ratio: the ratio of consolidated net financial debt to the fair value of the investment assets (including transfer costs) must not exceed 55% on the same date. with the possibility of exceeding this ratio for a six month period. This ratio stands at 34.9% at 31 December 2019 (compared with 34.0% at 31 December 2018).

Failure to comply with these ratios entitles the lenders to require immediate repayment of their facilities.

Under the loan agreements, Carmila may provide collateral for up to 20% of the total amount of the fair value of investment properties. Moreover, the latter amount must be greater than €2,500 million at all times.

At 31 December 2019, the Group complied with the applicable covenants.

Note 6.2.6 Other loans

In 2015, Carmila acquired Financière Géric. This company had taken out three amortisable bank loans, the residual outstanding amount of which at 31 December 2019 was €686 thousand, maturing in 2020. These three loans were amortised for €2,382 thousand during the year. The outstanding amount of these loans is guaranteed by a mortgage on the assets of the Thionville shopping centre.

The Group strives to diversify its sources of financing and their maturities, and has set up a short-term commercial paper programme (NEU CP) for a maximum amount of €600 million, registered with the Banque de France on 29 June 2017 and renewed annually.

The outstanding balance at the end of December 2019 was €146 million with maturities ranging from one to three months. The maximum outstanding balance drawn over the period was €155 million. As part of its 2017 refinancing, Carmila negotiated new credit lines with leading banks within the framework of the loan agreements signed on 16 June 2017:

- a confirmed revolving credit facility agreement in the amount of €759 million currently undrawn (the "RCF") with an initial maturity of June 2022, first extended to June 2023. In May 2019, the maturity of this line was extended to 16 June 2024;
- a confirmed credit facility agreement in the amount of €250 million in the form of a club deal ("CD") with a limited number of top-tier banking partners close to the Group, maturing on 16 June 2020.

Note 6.2.7 Breakdown of financial debt by maturity date

At 31 December 2019, the financial debt classified by maturity breaks down as follows:

(in thousands of euros)	31/12/2019	Less than 1 year	2 years	3 years	4 years	5 years or more
Bonds	**1,612,701**	**22,160**	**-2,490**	**-2,550**	**-2,247**	**1,597,828**
Bonds – non-current	1,600,000	-	-	-	-	1,600,000
Bond redemption premiums	-8,459	-1,827	-1,868	-1,915	-1,683	-1,166
Accrued interests	24,597	24,597	-	-	-	-
Issuance costs	-3,437	-610	-622	-636	-564	-1,006
Bank loans	**780,955**	**126,120**	**-7,005**	**-7,022**	**-7,040**	**675,901**
Borrowings from bank – non-current	654,316	-5,447	-5,447	-5,447	-5,447	676,104
Issuance costs	-6,577	-1,649	-1,558	-1,575	-1,593	-203
Accrued interest	-9,143	-9,143	-	-	-	-
Borrowings from bank – current	-3,641	-3,641	-	-	-	-
Other loans and related debt – current	146,000	146,000	-	-	-	-
Other financial debt related to IFRS 16	**37,056**	**2,500**	**2,644**	**2,276**	**2,276**	**27,360**
Other financial debt IFRS 16 – non-current	34,556	-	2,644	2,276	2,276	27,360
Other financial debt IFRS 16 – current	2,500	2,500	-	-	-	-
BANK AND BOND BORROWINGS	**2,430,712**	**150,780**	**-6,850**	**-7,297**	**-7,010**	**2,301,089**
Derivative instruments – liabilities	25,556	5,084	4,540	4,057	3,276	8,599
Bank facilities	4,141	4,141	-	-	-	-
GROSS DEBT BY MATURITY DATE	**2,460,408**	**160,005**	**-2,310**	**-3,240**	**-3,734**	**2,309,687**

Contractual flows including principal and interest break down by maturity date as follows:

2019

Year of repayment *(in thousands of euros)*	**2020**	**2021**	**2022**	**2023**	**2024**	**2025+**	**Total**
Principal	146 686	0	0	600,000	1,270,000	400,000	2,416,686
Interest	47,047	47,375	47,660	40,215	26,535	32,037	240,869
GROUP TOTAL (PRINCIPAL + INTEREST)	**193,733**	**47,375**	**47,660**	**640,215**	**1,296,535**	**432,037**	**2,657,555**

2018

Year of repayment *(in thousands of euros)*	**2019**	**2020**	**2021**	**2022**	**2023**	**2024+**	**Total**
Principal	156,198	686	0	0	1,370,000	950,000	2,476,884
Interest	49,263	49,501	48,913	49,223	45,270	29,468	271,638
GROUP TOTAL (PRINCIPAL + INTEREST)	**205,461**	**50,187**	**48,913**	**49,223**	**645,270**	**1,749,468**	**2,748,522**

Note 6.2.8 Hedging transactions

As the parent company, Carmila provides for almost all of the Group's financing and manages interest-rate risk centrally.

The Group distinguishes three categories of financial instruments using the various valuation methods and uses this classification, in compliance with international accounting standards, to present the characteristics of the financial instruments recognised in the balance sheet at fair value on the closing date:

- level 1: financial instruments quoted on an active market;
- level 2: Financial instruments whose fair value measurement uses techniques based on observable market parameters;
- level 3: Financial instruments whose fair value measurement uses techniques based on non-observable parameters (parameters whose value results from assumptions that are not based on observable transaction prices on markets for the same instrument or on observable market data available on the closing date) or only partially observable parameters.

(in thousands of euros)	**Fair value level**	**Fair value in profit and loss**	**Fair value in OCI period impact**	**Loans and receivables**	**Liabilities at amortised cost**	**Liabilities at fair value**	**Value in balance sheet 31/12/2019**
ASSETS							**324,940**
Security deposits				12,834			12,834
Trade receivables				117,105			117,105
Other current financial receivables				16,626			16,626
Short term investment	Level 1	203					203
Cash and cash equivalent	Level 1	178,172					178,172
LIABILITIES							**2,403,912**
Bonds					1,588,054		1,588,054
Bank loans					644,302		644,302
Commercial paper					146,000		146,000
Financial derivatives liability	Level 2		-6,840			25,556	25,556

For assets other than financial assets: the book values used are the reasonable estimates of their market value.

The fair value of derivative financial instruments is determined using standard valuation methods which include market conditions on the closing date.

The valuation of marketable securities and other current financial receivables is based on the last quoted price.

Carmila has implemented a policy of hedging its variable rate debt in order to secure future cash flows by fixing or capping the interest rate paid. This policy involves setting up plain vanilla derivatives, interest rate swaps or options and swaptions which are eligible for hedge accounting.

The fixed interest rate position (fixed-rate debt + swapped variable-rate debt) stands at 82% of gross debt at 31 December 2019 (compared with 88% at end-2018), and hedging instruments represent 73.5% of variable-rate debt on the same date.

At 31 December 2019, the Group had contracted, with leading partner banks, five fixed-rate payer swaps against three-month Euribor for a notional amount of €385 million, the longest of which matured in December 2027. During the year the Group also contracted a cap of €100 million maturing in June 2023.

	Liabilities					Nominal value
	FV	Total	2020	2021	2022	> 2022
Swap & Swaptions	26.6	385		0		385
Swaptions	0.0	100				100

These instruments hedge the future variable-rate interest payments of the Group's financing, the highly probable nature of which is confirmed by the €670 million bank loan.

These hedging instruments, still effective, were recognised as cash-flow hedges for the financial year. As a consequence of this cash-flow hedge accounting the derivative instruments are recognised on the closing balance sheet at their market value, with the change in fair value on the effective part of the hedge recognised in shareholders' equity (OCI) and the ineffective part in profit and loss under "Other financial income and expenses". The fair value of the swaps at 31 December 2019 is considered to be 100% effective and therefore recognised in shareholders' equity for €26,615 thousand. The impact of -€10,923 thousand on OCI therefore includes -€6,840 thousand of change in fair value of swaps, +€1,944 thousand of recycling of OCI as a result of prior period swap cancelations and -€6,027 thousand of compensation for swaps unwound during the period and amortised over their remaining initial term.

(in thousands of euros)	31/12/2019	31/12/2018
FINANCIAL INSTRUMENTS LIABILITIES		
Interest rate derivative liabilities – FV charged to earnings	0	226
Interest rate derivative liabilities – Cash-flow hedges	26,615	19,775

The sensitivity of derivative instruments to an interest rate change of +/-0.50% is as follows:

	Drop in interest rates of 0.50%		Rise in interest rates of 0.50%	
Fair value of hedging instruments *(in thousands of euros)*	Change in equity	Change in profit and loss	Change in equity	Change in profit and loss
Swap as CFH	-13,527		12,982	
Options as trading		0		0

Note 6.3 Management of financial risks and hedging strategy

Note 6.3.1 Credit risk

Credit risk is the risk of financial loss for the Group in the event that a client or debtor fails to meet its contractual obligations. This risk mainly derives from trade receivables, financial investments made in order to place invest surplus funds and hedging agreements with financial institutions as counterparties.

In France as in Spain and Italy, trade receivables relate to tenants; none of which represent a significant percentage of the related revenue. In addition, upon signing the lease agreement, tenants pay security deposits or supply bank guarantees that, on average, represent quarterly rents. Moreover, the Group strives to implement procedures for verifying the financial soundness of its clients, monitoring credit collection and systematically following up on unpaid receivables.

Cash investments are restricted to high-quality instruments; speculative or risky investments are excluded.

Hedging agreements are intended to hedge interest-rate risk and are solely for non-speculative hedging transactions. The counterparties for these transactions are large, blue-chip banks.

Note 6.3.2 Liquidity risk

Liquidity risk is the risk incurred by the Group in the event that it encounters difficulties in repaying its debts as they fall due.

Carmila's policy is to ensure that the Group's available liquid funds are sufficient to meet its obligations. In the short term, the liquidity risk is under control since cash and financial investments (as well as the committed revolving credit facilities) more than cover current liabilities.

Carmila has two revolving credit facilities at its disposal, totalling €759 million and €250 million. At 31 December 2019, neither of these two facilities had been drawn.

Note 6.3.3 Other financial risks

Changes in exchange rates, interest rates and the market for publicly-traded stocks each pose different risks.

Since Carmila operates entirely within the euro zone, the Group is not exposed to exchange risk.

With regard to interest-rate risk, Carmila has implemented a hedging policy with the use of derivatives (interest rate swaps and plain vanilla options), as described in Section 6.2.8 "Hedging transactions".

As the Group does not hold any shares in listed companies excluding its own shares it is not exposed to a risk of fluctuating stock prices.

Note 7 Detail of other balance-sheet items

Note 7.1 Intangible assets

ACCOUNTING POLICIES

IAS 38 – *Intangible Assets* states that intangible assets with a finite useful life are amortised on a straight-line basis over periods spanning their expected useful life. Intangible assets without a finite useful life are not amortised. The indeterminate nature of the useful life is reviewed every year. An impairment test is performed on these fixed assets annually (IAS 36) or as soon as there is an indication of loss in value.

Intangible assets are recognised, after initial recognition, at cost reduced by amortisation and impairment, if any.

(in thousands of euros)	31/12/2018	Acquisitions	Allowances/ reversals	Changes in scope	Reclassification/ Disposal	31/12/2019
Software	1,532	106	-	-	38	1,676
Other intangible assets	16,404	84	-3	-	-	16,485
Intangible assets in progress	41	16	-	-	-38	19
Intangible assets – gross value	**17,977**	**206**	**-3**	**-**	**-**	**18,180**
Amortisation/impairment of software	-910	-	-182	-	-1	-1,093
Amortisation/impairment of other intangible fixed assets	-12,512	-	-314	-	-	-12,826
Intangible assets – total amortisation	**-13,422**	**-**	**-496**	**-**	**-1**	**-13,919**
TOTAL INTANGIBLE ASSETS – NET VALUE	**4,555**	**206**	**-499**	**-**	**-1**	**4,261**

Note 7.2 Property, plant and equipment

ACCOUNTING POLICIES

In accordance with IAS 16 – *Property, Plant and Equipment*, equipment that are not classified as investment properties, are valued at their historic cost less depreciation and write-downs due to impairment.

Property, plant and equipment in progress are accounted for at cost less any identified impairment

(in thousands of euros)	31/12/2018	Acquisitions	Allowances/ reversals	Change in accounting method	Reclassification/ Disposal	31/12/2019
Technical plant, machinery and equipment	4,154	78	-	-	-	4,232
Office and computer equipment	448	42	-	-	-	490
Transportation equipment	-	-	-	599	-	599
Company's office buildings	-	-	-	2,755	-	2,755
Other property, plant and equipment	85	17	-	-	-	102
Property, plant and equipment – gross value	**4,687**	**137**	**-**	**3,354**	**-**	**8,178**
Depreciation/impairment of technical plant, machinery and equipment	-2,192	-	-298	-	-	-2,490
Depreciation/impairment of office and computer equipment	-388	-	-28	-	-	-416
Depreciation/impairment of transportion equipment	-	-	-342	-	-	-342
Depreciation/impairment of company's office buildings	-	-	-639	-	-	-639
Depreciation/impairment of other property, plant and equipment fixed assets	-45	-	-2	-	-	-47
Property, plant and equipment – total depreciation	**-2,625**	**-**	**-1,309**	**-**	**-**	**-3,934**
TOTAL PROPERTY, PLANT AND EQUIPMENT - NET VALUE	**2,062**	**137**	**-1,309**	**3,354**	**-**	**4,244**

At 31 December 2019, property, plant and equipment mainly includes fixtures and office equipment for the Group's service centres in France and Spain. No acquisitions or write-offs occurred during the period.

The "change in method" column represents the first-time application of IFRS 16 which resulted in the recognition of €3,354 thousand in property, plant and equipment for the long-term leases of company vehicles in France and the leases of the registered offices in France and Spain. The associated depreciation expense amounts to €981 thousand for the period.

Note 7.3 Investments in equity-accounted investment

ACCOUNTING POLICIES

The accounting policies applied are described in Note 3.1 "Consolidation scope and methods". The details of equity-accounted companies are available in Note 14 "List of consolidated companies".

The method used for accounting for investment properties at fair value was also applied to investments in associates in proportion to the Group's interest in these entities.

(in thousands of euros)	31/12/2018	Net income	Distribution	Capital increase	Changes in scope of consolidation	31/12/2019
Investment in equity-accounted companies	49,766	4,376	-1,683	-	0	52,459

At 31 December 2019, this item consisted exclusively of As Cancelas (Spain), acquired in 2014 and currently in operation, and Carmila Thiene (Italy), the purpose of which is to harbor a project.

Note 7.3.1 Financial information on equity-accounted investment

With regard to all the equity investments accounted for using the equity method, the principal items in the financial position are as follows; they are items presented as if 100% owned (and including consolidation adjustments):

Equity-accounted investments *(in thousands of euros)*	31/12/2019	31/12/2018
Investment properties	136,774	135,079
Other non-current assets	1,379	1,566
Deffered tax assets	214	184
Non-current assets	**138,367**	**136,829**
Trade receivables	396	442
Other current assets	816	866
Cash and Cash equivalent	3,905	4,078
Current assets	**5,117**	**5,386**
TOTAL ASSETS	**143,484**	**142,215**

Equity-accounted investments *(in thousands of euros)*	31/12/2019	31/12/2018
Shareholders' equity	93,684	92,064
Equity	**93,684**	**92,064**
Borrowings and financing from associates	28,126	31,126
Other non-current liabilities	18,160	16,327
Non-current liabilities	46,286	47,453
Current liabilities	**3,514**	**2,698**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**143,484**	**142,215**

Equity-accounted investments *(in thousands of euros)*	31/12/2019	31/12/2018
Gross rental income	9,348	9,238
NET INCOME	**4,376**	**5,426**
Dividend distributed	3,365	2,960

Note 7.4 Other non-current assets

ACCOUNTING POLICIES

In accordance with IFRS 9 – *Financial Instruments*, the principal financial assets are classified in one of the following three categories:

- loans and receivables;
- assets held to maturity;
- assets available-for-sale.

The application of IFRS 9 leads to a redefinition of the methodology for classifying and measuring financial assets:

- based on the contractual characteristics of cash-flows, on the one hand;
- and on the economic model for asset management, on the other.

The definition of financial assets used is a broad one: loans, advances, non-consolidated securities, current accounts, trade receivables and derivative products. IFRS 9 also makes a distinction between two categories of financial assets: debt instruments and equity instruments. Depending on the characteristics of the contractual cash-flows and business model, the resulting valuation method is different.

The classification is determined by the Group on the date on which the instrument is initially recorded, based on the asset type and the purpose for which the asset was acquired. Sales and acquisitions of financial assets are recorded on the transaction date, i.e. the date on which the Group bought or sold the asset. Other long-term investments include minority stakes in young companies developing innovative and promising retail concepts for goods and services.

Loans and receivables are initially booked at fair value and then at their amortised cost on the basis of the effective interest rate method. For short-term receivables without a declared rate of interest, the fair value will be the same as the amount on the original invoice. They are subject to impairment testing when there is evidence that their value has declined. An impairment write-down is recognised if the book value is higher than the estimated recoverable value.

This category includes receivables related to equity investments, other loans and receivables, and trade receivables. They appear in the balance sheet under "Other financial assets" or "Trade receivables".

For assets available-for-sale, see Note 5 "Investment properties".

(in thousands of euros)	31/12/2018	Acquisitions	Disposals	Fair Value Adjustment	Other movements	31/12/2019
Non-consolidated equity interests	72	177	0	496	-1	744
Advances to associates or non-consolidated companies	202	0	-202	0	0	0
Security deposits	12,826	52	-43	0	0	12,835
Other financial assets	71	0	0	0	0	71
Other non-current assets – gross value	**13,171**	**229**	**-245**	**496**	**-1**	**13,650**
Impairment on other non-current assets	**-1,223**	**0**	**0**	**0**	**0**	**-1,223**
OTHER NON-CURRENT ASSETS – NET	**11,948**	**229**	**-245**	**496**	**-1**	**12,427**

The security deposits recognised as non-current assets relate to deposits made with the Spanish administrative authority, which require that a percentage of the lease security deposits received from tenants be deposited with these authorities in a special escrow account. The increase in non-consolidated equity interests in the period reflect the fair value adjustment of a minority, non-consolidated investment through profit and loss.

Note 7.5 Trade receivables

ACCOUNTING POLICIES

Trade receivables mainly comprise rent from tenants, front-end fees and any advisory services. The trade receivables also include the effect of staggering benefits granted to tenants (rent-free periods and step rents). In the event of loss in value, these receivables are subject to depreciation, which takes into account the debtor's capacity to honour its debt and the period for which the receivable is overdue. The Group makes provisions at 50% when the receivable is overdue by over 6 months and less than one year, and at 100% of the receivables if overdue by more than a year. In addition, for any tenant presenting a risk of insolvency, a provision is made for 100% of the receivables.

These are tenants in safeguard procedures, in receivership, liquidation, or any tenant for which a significant credit risk has been identified.

The trade receivables have a maturity of less than one year, with the exception of rent discounts and step rents, which are spread over the lease term.

Lastly, pursuant to the application of IFRIC 21, provisions were recorded for all property taxes owed for the year 2019 as of 1 January of that year. Simultaneously, an accrual for the share of property taxes rebilled to tenants was recorded as unbilled revenue. This adjustment has no impact on the annual financial statements.

(in thousands of euros)	31/12/2019	31/12/2018
Trade receivables – gross value	140,875	143,265
Depreciation of trade receivables	-23,770	-19,649
TRADE RECEIVABLES AND OTHER RECEIVABLES – NET	**117,105**	**123,616**

The change in the period is basically due to improved collection of current receivables thanks to the active credit collection enforced. The increase in customer receivables is mainly attributable to France (see 9.1 Net rental income).

(in thousands of euros)	Accounting balance[1]	current	overdue	< 15 days	>= 15 days < 30 days	>= 30 days < 60 days	>= 60 days < 90 days	>= 90 days < 180 days	>= 180 days < 360 days	>= 360 days	Total Provision
Spain	5,558	0	5,558	-204	192	122	-111	878	1,221	3,459	-4,032
Italy	9,217	6,034	3,184	50	93	114	228	108	374	2,217	-2,774
France	113,812	90,324	23,488	529	-425	-74	380	3,662	7,965	11,451	-16,964
TOTAL GROUP (INCLUDING VAT)	**128,588**	**96,358**	**32,230**	**375**	**-140**	**163**	**498**	**4,649**	**9,560**	**17,127**	**-23,770**
	Impairment trade receivable (excluding VAT)										
TOTAL GROUP	**-23,770**										

(1) The aged balance does not include accrued receivables, nor receivables unrelated to rental activty.

Note 7.6 Other current assets

(in thousands of euros)	31/12/2019	31/12/2018
Tax receivables	**28,787**	**37,020**
Corporate tax receivables	3,083	2,590
Other tax receivables	25,704	34,430
Financial receivables	**22,231**	**161,784**
Receivables related to investment properties	21,485	19,607
Derivative instruments – assets	543	0
Short term investments	203	142,177
Other receivables	**18,109**	**18,440**
Receivables from charges rebilled to tenants	9,792	10,942
Other miscellaneous receivables	8,007	7,740
Prepaid expenses	310	-242
TOTAL OTHER RECEIVABLES – GROSS VALUE	**69,127**	**217,244**
Depreciation of other receivables	0	0
OTHER CURRENT RECEIVABLES – NET	**69,127**	**217,244**

At 31 December 2019, the significant decline in tax receivables is due to payments of VAT receivables on extension works in France and the settlement of tax receivables linked to the Spanish acquisitions in 2018.

Financial receivables relating to equity investments consist mainly of the Group's loans to equity-accounted companies (As Cancelas for €11,500 thousand and Carmila Thiene for €5,126 thousand) and to advances by Carmila Retail Development to joint venture companies in which the company has an equity stake.

Marketable securities acquired in 2018 following the bond issue of February 2018, were gradually sold over the course of 2019.

Note 7.7 Net cash

ACCOUNTING POLICIES

Cash equivalents are short-term investments (maturity of less than three months), highly liquid, easily convertible into a known amount of cash, and subject to a negligible risk of change in value. Cash includes shares in money-market funds and cash deposits. They are adjusted at fair value through profit or loss.

(in thousands of euros)	31/12/2019	31/12/2018
Cash	178,172	70,518
Cash equivalent	0	0
Cash and cash equivalent	**178,172**	**70,518**
Bank facilities	-4,141	-5,617
NET CASH[1]	**174,031**	**64,901**
(1) Excluding short term investments classified as Other current assets - Financial receivables and booked at their fair value at 31 December.	*203*	*142,177*

Marketable securities held at 31 December 2019 are presented in other current financial assets to the extent that all the criteria defined in IAS 7 – Cash and cash equivalents do not appear to be met to classify these marketable securities as cash equivalents.

The change in the Group's net cash position is detailed in 7.1.3 "Consolidated cash-flow statement".

Note 7.8 Shareholder's equity

Note 7.8.1 Share capital and premiums on Carmila's capital

(in euros)	Number of shares	Share capital	Issuance premium	Merger premium
On 1 January 2019	136,561,695	819,370,170	519,655,151	1,748,548,849
Cash payment dividend AGM 16/05/2019	-	-	-	-138,314 000
New shares issued	120,148	720,888	-720,888	-
Premium reclassification of 2017 IPO costs	-	-	1,677,000	-1,677,000
ON 31 DECEMBER 2019	**136,681,843**	**820,091,058**	**520,611,263**	**1,608,557,849**

On 31 December 2019, the share capital was made up of 136,561,695 ordinary A-class shares each with a nominal value of six euros (€6) fully subscribed and paid up. The capital also includes 120,148 B-class preferred shares, each with a nominal value of six euros (€6).

On 16 May 2019, based on a proposal by the Board of Directors, the Shareholders' Meeting approved the distribution of a dividend of €1.50 per share for the 2018 financial year, paid in a single payment. The ex-dividend date was 21 May and payment was made on 23 May. An amount of €66.5 million was deducted from distributable income and the remaining €138.2 million from the merger premium.

In addition, the company issued 120,148 class B shares under the preference share-based bonus plans for Carmila's key employees and corporate officers. This capital increase was charged against issuance premiums.

Note 7.8.2 Distributions of premiums and capital increases

For the distribution of premiums, refer to Note 1.3 "Distribution of dividends".

For operations on the share capital refer to Note 7.8.1 "Equity" above.

Note 7.8.3 Treasury stock

Treasury stock is deducted from consolidated shareholders' equity at its acquisition cost. Any income from the sale of treasury stock (together with the related tax effects) is directly charged to shareholders' equity and does not contribute to net income for the financial year. The company set up a share liquidity contract following its listing on Euronext Paris. At 31 December 2019, the company held a total of 153,283 Carmila shares including the shares held as part of the liquidity contract and the shares held in view of using them in share-based bonus plans.

Note 7.8.4 Earnings per share

Earnings per share are calculated by dividing earnings attributable to the bearers of the Company's ordinary shares by the weighted average number of ordinary shares outstanding during the period. Treasury stock is not considered as shares in circulation and therefore they are deducted from the number of shares used to calculate net earnings per share.

Fully diluted earnings per share are determined by adjusting earnings attributable to bearers of ordinary shares and the average weighted number of ordinary shares in circulation to include the effects of all potentially dilutive financial instruments as well as the potential shares in particular those linked to share-based bonus plans.

At 31 December 2019	
Average number of shares (non diluted)	**136,408,412**
Number of shares resulting from share-based payments present and future at 31 December 2019	297,092
Average number of shares (fully diluted)	**136,705,504**

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Note 7.9 Provisions

ACCOUNTING POLICIES

In accordance with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*, provisions are posted when, on the closing date, the Group has a present legal or implicit obligation arising from a past event, the amount of which can be reliably estimated and the settlement of which is likely to require the outflow of resources representing economic benefits. This obligation may be of a legal, regulatory or contractual nature, or it may be implicit. These provisions are estimated for each category based on the most likely assumptions. Amounts are discounted when the impact of the passage of time is significant.

(in thousands of euros)	31/12/2018	Allowances	Reversal	Reclassification	Actuarial adjustments (OCI)	31/12/2019
Other contingency provisions	5,175	1,249	-266	-	-	6,158
Contingency provisions	**5,175**	**1,249**	**-266**	**-**	**-**	**6,158**
Provision for pensions and retirement benefits	510	264	-67	-	-	707
Provisions for charges	**510**	**264**	**-67**	**-**	**-**	**707**
TOTAL NON-CURRENT PROVISIONS	**5,685**	**1,513**	**-333**	**-**	**-**	**6,865**

Contingency provisions include all tenant-related disputes and litigation and any other operating risks. These provisions were reviewed to better understand the facts and circumstances of these disputes (e.g. ongoing negotiations with possible renewal) and possible appeal procedures (right of withdrawal).

Note 7.10 Other non-current liabilities

This item includes an earn-out payment related to the acquisition of an asset in 2016, in which the appraisal of future performance and the amount were sufficiently reliable to be provisioned. The payment of this earn-out is planned in 2021.

Note 7.11 Trade and fixed-asset supplier payables

(in thousands of euros)	31/12/2019	31/12/2018
Fixed assets payables	81,674	52,141
Miscellaneous trade payables	4,508	3,804
Trade payables and invoices yet to be received	24,347	24,566
TRADE AND FIXED ASSETS PAYABLES	**110,529**	**80,511**

Payables in respect of fixed assets showed an appreciable increase due to the ongoing projects in Nice Lingostière (+€37.1 million), Rennes Cesson (+€7.0 million) and Cité Europe in Coquelles (Calais) (+3.4 million). This impact is offset by the settling of payables with fixed asset suppliers for completed extension and restructuring projects, notably Orléans Place d'Arc and Evreux.

Note 7.12 Other current liabilities

(in thousands of euros)	31/12/2019	31/12/2018
Tax and payroll related payables	**49,356**	**44,237**
Tax liabilities (excluding corporate income tax)	29,974	27,730
Tax liabilities – corporate income tax	8,508	5, 834
Social-security liabilities	10,874	10,673
Miscallaneous liabilities	**84,978**	**87,517**
Other miscellaneous debts	16,462	17,784
Prepaid income	68,516	69,733
OTHER CURRENT LIABILITIES	**134,334**	**131,754**

The increase in tax and payroll related payables is essentially linked to the increase in tax payable in Spain (+€1.7 million), and corporate income tax due in France for €0.4 million.

Note 8 Detail of other income statement items

Note 8.1 Net Rental Income

ACCOUNTING POLICIES

Gross Rental income

Rental income from operating leases is recognised on a straight-line basis over the entire term of the lease agreement.

Pursuant to IAS 17 and SIC 15, any inducements granted by a lessor when negotiating or renewing an operating lease should be recognised as an integral part of the consideration accepted for use of the leased asset, regardless of the nature, form or payment date of those inducements:

- any step rents or discounts granted are recorded by including a reduction or increase in the rental income spread over time. The reference period used is the first non-cancellable lease term;
- any temporary rent reduction granted to a lessee on an exceptional basis to support its business activity are recorded as charges for the year; special sales or marketing promotions undertaken on a tenant's behalf are recorded in the same way;
- any works undertaken on the lessee's behalf may, under certain conditions, be depreciated on a straight-line basis over the fixed term of the lease or incorporated into the cost of the asset;
- where the lessor cancels an ongoing lease, it pays lease termination compensation to the sitting tenant. When the conditions are met, the compensation is recorded as a fixed asset (Note 5 "Investment properties");
- transfer compensation, i.e. compensation paid to a lessee in the event of relocation to other premises in the same building, may, under certain conditions, be spread over the minimum lease term, or, if the building is being renovated, it may be included in the cost price of the asset;
- front-end fees collected by the lessor are considered additional rent. The front-end fee forms part of the net sum exchanged between the lessor and the lessee under the lease. Therefore, the accounting periods during which this net amount is recognised should not be affected by the form of the agreement and payment schedules. These fees are amortised over the initial minimum period of the lease;
- early termination penalties are received from tenants when they cancel the lease before its contractual term. Such penalties relate to the terminated lease and are recognised as income in the year in which they are received.

Property expenses

- Real estate expenses:

These are fees paid (or amortisation of initial payments) when the land is made available through a ground lease or concession agreement, as well as the expense and the expense and recovery of the land tax.

- Non-recoverable rental charges:

These expenses are shown net of rebilling to tenants and primarily represent charges arising from vacant premises and yet unrecovered expenses not yet invoiced.

- Property expenses (landlord):

These consist of rental charges borne by the landlord, and charges related to works, litigation costs, allowances for bad debt, and property management costs.

Net rents are calculated based on the difference between rental income and these various expenses net of those rebilled.

(in thousands of euros)	31/12/2019	31/12/2018
Rent	359,565	338,955
Front-end fees and other indemnities	-108	1,295
Gross Rental Income	**359,457**	**340,250**
Property tax	-21,214	-20,755
Charges rebilled to tenants	16,569	15,105
Real estate expenses	**-4,645**	**-5,650**
Rental charges	-71,307	-70,785
Charges rebilled to tenants	62,790	59,702
Non-recovered rental charges	**-8,517**	**-11,083**
Management fees	-139	-774
Charges rebilled to tenants	0	0
Losses and depreciation of receivables	-10,010	-6,430
Other expenses	-2,962	-2,656
Property expenses (landlord)	**-13,111**	**-9,860**
NET RENTAL INCOME	**333,184**	**313,658**

Note 8.1.1 Gross rental income

The growth in rental income is mainly the result of the full-year contribution of the acquisitions of the year 2018 made in Spain and in France (€6.4 million), the deliveries of extension projects during the year (€5.3 million), and by like-for-like growth (€8.4 million).

Note 8.1.2 Real estate expenses

The improvement in real estate expenses is explained by the restatement of land lease contracts (€1.6 million) and increased re-invoicing of the property tax in Spain (+0.7 million) offset by lower re-invoicing in France (-€0.8 million).

Note 8.1.3 Non-recovered rental charges

The improvement in net rental charges results from a finer recovery of these charges in France (+€1.9 million) and Spain (+€1.0 million).

Note 8.1.4 Property expenses

The increase in net property expenses is mainly linked to the deterioration of customer risk in France (+€3.3 million), as the effects in Spain and Italy compensate each other.

Note 8.2 Overhead expenses

(in thousands of euros)	31/12/2019	31/12/2018
Income from management, administration and other activities	10,477	4,595
Other income	1,407	6,631
Payroll expenses	-25,145	-24,839
Other overhead expenses	-39,579	-36,961
OVERHEAD EXPENSES	**-52,840**	**-50,574**

Note 8.2.1 Income from management, administration and other activities

These revenues mainly include initial letting fees, marketing services and the cross-charging of marketing expenses aimed at developing and enhancing the attractiveness of the centres, to retailers' associations and various rebilling by real estate companies to co-owners. This item also includes rebilling of shopping centre management services, previously presented in other service income (€4.7 million).

Note 8.2.2 Other service income

Other service income comprises the rebilling of overheads, mainly to the Carrefour group, and marketing fees, in France and Spain.

Note 8.2.3 Payroll expenses

Payroll expenses amounted to €25,145 thousand at 31 December 2019; up 1%.

Since 2016, the Group has set up share-based bonus plans for executives and key employees. The benefits associated with these plans are recognised as payroll expenses in the amount of -€946 thousand (-€1,295 thousand in 2018), including the social security contribution, over the year. The decrease is mainly explained by shares cancelled under previous plans due the departure of beneficiaries, and to a decline in performance in the 2017 plan.

Note 8.2.4 Other external expenses

Other external expenses are related to administrative expenses. They mainly include marketing costs, in particular related to the build-up of digital tools, and miscellaneous fees including Carrefour group fees related to services provided (accounting, human resources, janitor services, etc.), appraisal fees for investment properties, financial communication and advertising fees, travel expenses and Director's fees.

Note 8.3 Depreciation, amortisation, provisions and impairment

(in thousands of euros)	31/12/2019	31/12/2018
Depreciation and amortisation allowance for fixed assets and impairment of intangible fixed assets	-1,807	-1,141
Reversal/accruals for provisions of contingent liabilities and current assets	-1,686	-2,367
ALLOWANCES FOR DEPRECIATION OF FIXED ASSETS, AMORTISATION OF INTANGIBLE FIXED ASSETS AND PROVISIONS	**-3,493**	**-3,508**

Depreciation and amortisation provisions mainly concern software and fixtures and fittings in the Group's office buildings, but also the depreciation and amortisation resulting from the restatement in accordance with IFRS 16 of the leases of the headquarter offices in France and Spain, along with the company cars.

The net provisions for losses, contingencies and liabilities mainly concern property disputes with tenants, depreciation of current assets, and potential tax disputes in France. There were no material changes during the year.

Note 8.4 Gains (losses) on disposals of investment properties and equity investments

There were no significant disposals during the year. The negative income on disposal results from exchange transactions and write-offs during the period.

Note 9 Taxes

ACCOUNTING POLICIES

The Group companies are subject to the tax laws that apply in the countries in which they operate. Income tax is calculated according to local rules and rates.

In France, the Group benefits from the specific tax regime for REITs (Real Estate Investment Trusts). The Group's subsidiaries in Spain and Italy are subject to ordinary taxation in their respective jurisdictions.

French tax regime for REITs (Real Estate Investment Trusts)

On 1 June 2014, Carmila and its French subsidiaries subject to corporate income tax opted for the SIIC regime (French REIT) as of that date.

Characteristics of the regime

The specific corporate tax exemption regime for REITs is an option for companies listed on a French stock market with share capital of at least €15 million, having bylaws aimed at the acquisition or construction of investment properties for leasing purposes or for the direct or indirect holding of equity investments in legal entities with the same corporate objective. This option cannot be revoked. Subsidiaries subject to corporation tax may also opt for the regime if at least 95% of their share capital is held by a company having opted for the REIT regime.

In exchange for this benefit, these listed property investment companies are required to distribute 95% of their rental income, 70% of their capital gains on disposals and 100% of the dividends received from their REIT subsidiaries. The distribution requirement related to capital gains was 60% up to 31 December 2018, and is 70% since 1 January 2019.

The option of the REIT regime entails the immediate taxation of an exit tax at a rate of 19% on unrealised capital gains relating to properties and shares in partnerships not subject to corporate taxation. The exit tax is payable over a four-year period starting when the entity concerned opts for the REIT status.

Discounting of the exit tax liability

The exit tax liability is discounted according to its payment schedule. The liability initially recognised in the balance sheet is discounted, and an interest expense is recorded at each balance-sheet date in other financial expenses, enabling the liability to be reduced to its net present value at the balance-sheet date.

Income tax for companies not subject to the REIT tax regime

Since its adoption of the SIIC regime on 1 June 2014, Carmila has segregated a REIT segment that is exempt from tax on property-leasing transactions and capital gains on disposal, from a segment subject to corporate income tax for other activities.

Income tax for companies not subject to the REIT regime in France and for foreign companies is calculated under conditions of ordinary tax law. Financière Géric, which was previously subject to corporate income tax, opted for the SIIC regime on 1 January 2017.

Ordinary-law arrangements and deferred tax

Current income tax expense is determined on the basis of the rules and rates adopted or in the process of being adopted at the end of the financial year in each country over the period to which the profit relates.

The income tax payable as well as the tax on future income are offset when they originate within the same tax group, are the responsibility of the same tax authority, and there is a legal right to offset.

Deferred taxes are recognised when there are temporary differences between the carrying amounts of assets and liabilities and their tax base, in respect of those that give rise to taxable income in future periods.

A residual deferred tax asset will first be used to offset existing liabilities, and the remaining balance will be recorded if it is probable that the company will have future taxable profits that the deferred tax assets can be used to offset.

Deferred tax assets and liabilities are valued by the liability method at the income tax rate assumed to apply to the period in which the asset will be realised or the liability will be paid, on the basis of income tax rates and tax regulations that have been adopted or quasi-adopted prior to the balance-sheet date. The measurement of deferred tax assets and liabilities should reflect the tax consequences resulting from the way in which the company expects, at the balance-sheet date, to recover or settle the book value of its assets and liabilities.

Deferred tax is calculated at the local tax rates approved on the closing date. The rates applied at 31 December 2019 are 27.90% in Italy and 25% in Spain.

In France, the Finance Act has maintained the social contribution rate at 3.3% but has introduced a progressive reduction in income tax from 33.33% to 25% by 2022. The theoretical tax rate of 34.4% thus is equivalent to the ordinary tax rate of 33.3% (28% for profits up to €0.5 million) and to the corporate income tax social contribution of 3.3% in effect as of 31 December 2019.

Note 9.1 Income tax expense

(in thousands of euros)	31/12/2019	31/12/2018
Deferred tax	-20,764	-49,410
Withholding tax	-372	-394
Current tax	-4,141	-3,000
INCOME TAX CHARGE	**-25,277**	**-52,804**

The deferred tax expense totals -€20,764 thousand and is mainly due to the change in deferred taxation linked to changes in fair value. This amount is based on a deferred tax rate in Italy of 27.9%, including 3.9% of IRAP (Italian regional production tax), not previously accrued.

The change relative to the previous year is explained on the one hand by a slight reduction in appraisal values in Spain, which contributes to reducing the tax base for deferred taxation, and on the other hand by a -€24.5 million adjustment in 2018.

Tax payable by the Group amounts to -€4,513 thousand, of which €1.8 million in Italy and Spain, €0.4 million of withholding taxes, and €0.5 million of income tax payable in France.

Note 9.2 Tax reconciliation

The reconciliation of the effective tax rate with the theoretical tax rate is as follows:

(in thousands of euros)	31/12/2019	31/12/2018
Net consolidated income	108,401	163,609
Income tax expense	25,277	52,804
Share of net income of equity-accounted companies	-4,376	-3,882
Net income before taxes and excluding equity-accounted companies' net income	**129,302**	**212,531**
Tax rate applicable to the parent company	34.43%	34.43%
THEROETICAL INCOME TAX (EXPENSE)/INCOME	**-44,519**	**-73,174**
Tax exempt income resulting from the SIIC regime	19,618	39,484
Temporary differences	-7,546	-141
Value-added contribution	0	0
Permanent differences	374	-61
Other tax accrual	0	-28,913
Difference in tax rates	6,637	9,091
Tax deficit allocation	0	418
Tax loss without deferred tax recognition	159	492
EFFECTIVE TAX (EXPENSE)/INCOME	**-25,278**	**-52,804**
EFFECTIVE TAX RATE	**19.55%**	**24.85%**

Note 9.3 Current tax assets and liabilities

(in thousands of euros)	31/12/2019	31/12/2018
Tax credits	3,083	2,590
TOTAL TAX ASSETS	**3,083**	**2,590**
Tax liabilities non-current	0	4,569
Tax liabilities current	8,475	5,806
Liabilities related to tax consolidation	33	28
TOTAL TAX LIABILITIES	**8,508**	**10,403**

At 31 December 2019, tax receivables totalled €2,765 thousand for Italy and €318 thousand for France.

The French companies subject to corporate income tax opted for the SIIC regime on 1 June 2014. Financière Géric chose the SIIC regime at 1 January 2017. A provision was recorded in the 2016 financial statements for the total amount of exit tax to be paid by the company. The decrease in this non-current tax liability comes from the payment of €4,569 thousand that occurred in December 2019 concerning this exit tax. In the balance sheet, at 31 December 2019, the 2020 contribution of the exit tax of Financière Géric totalled €4,569 thousand, with a maturity of less than one year.

Note 9.4 Deferred tax assets and liabilities

(in thousands of euros)	31/12/2018	Profit and loss impact	Change in scope of consolidation	Other	31/12/2019
Deferred tax – assets	7,776	3,772	-	-	11,548
Deferred tax – liabilities	154,692	21,508	-	-	176,200
NET BALANCE OF DEFERRED TAX	**-146,916**	**-17,736**	**0**	**0**	**-164,652**
Breakdown of differed tax by category					
Properties	-154,419	-21,410	-	-	-175,829
Tax losses	7,503	3,674	-	-	11,177
NET BALANCE OF DEFERRED TAX	**-146,916**	**-17,736**	**0**	**0**	**-164,652**

Note 10 Off-balance-sheet commitments and associated risk

ACCOUNTING POLICIES

Off-balance-sheet commitment

An off-balance sheet commitment can be any transaction or agreement between a company and one or several entities which is not entered on the balance sheet. These commitments, which are received, given or reciprocal, represent risks and advantages which are useful for assessing the Group's financial position.

Contingent liabilities

A contingent liability is a potential obligation for the entity to a third party resulting from an event whose existence will only be confirmed by the occurrence or non-occurrence of one or several future uncertain events that are outside the entity's control.

Note 10.1 Contingent liabilities

In 2017, Carmila received a tax assessment for the 2014 financial year including an adjustment notice for €62,134 thousand, interest and penalties included. After consulting its tax lawyers, Carmila was disputing the basis of this adjustment and considers that its chances of success in litigation are probable. In 2019, the tax authorities dropped this adjustment claim.

Note 10.2 Commitments received

(in thousands of euros)	31/12/2019	31/12/2018
Unused credit facilities	**1,009,000**	**1,009,000**
Commitments related to Group financing	1,009,000	1,009,000
Sale commitments	0	0
Bank guarantees received from tenants	25,740	24,778
Other commitments received	0	0
Commitments related to Group operating activities	**25,740**	**24,778**
TOTAL COMMITMENTS RECEIVED	**1,034,740**	**1,033,778**

Note 10.2.1 Unused credit facilities

The Group finances itself through equity and borrowings contracted by the parent company. At 31 December 2019, the Group had two confirmed undrawn credit lines set-up as part of its refinancing programme in June 2017, totalling €1,009 million (see Note 6.2.6 "Other Loans").

Note 10.2.2 Bank guarantees received from tenants

As an owner and manager of shopping malls, some leases provide for the lessor to receive a first demand bank guarantee securing the sums owed by the tenants.

Note 10.2.3 Other guarantees received – liability guarantees

As part of the acquisition of the Italian assets, Carmila Italia received an assessment notice from the tax authorities. This tax risk is covered by a liability guarantee granted by the vendor.

Note 10.3 Commitments given

(in thousands of euros)	31/12/2019	31/12/2018
Commitments to acquire	0	0
Commitments given related to the scope of the consolidation	**0**	**0**
Financial guarantees issued	686	3,067
Commitments related to Group financing	**686**	**3,067**
Commitments under conditions precedent	0	2,460
Commitments to complete works	20,235	65,704
Rental guarantees and deposits	10,331	6,553
Commitments given on swaps	0	100,000
Commitments related to the Group operating activities	**30,566**	**174,717**
TOTAL COMMITMENTS GIVEN	**31,252**	**177,784**

Note 10.3.1 Financial guarantees issued

Prior to its acquisition by the Group, Financière Géric granted prime mortgages for an initial amount of €13 million as a guarantee to its bank financing. At 31 December 2019, the outstanding amount guaranteed is €686 thousand and this amount matures in 2020.

Note 10.3.2 Commitments subject to conditions precedent

The commitments subject to conditions precedent are undertakings to purchase land, assets or securities and earn-out payments for previous acquisitions some of which are sufficiently uncertain to be recognised in the financial statements.

At 31 December 2019, the Group had not signed any promises to acquire.

Note 10.3.3 Commitments to complete works

Work commitments relate to the projects approved by the Investment Committee and/or already under contract. These are mainly restructuring projects in France. At 31 December 2019, the work commitments mainly concerned the restructuring work on Cité Europe in Coquelles (Calais).

Note 10.3.4 Rental guarantees and collateral

The rental guarantees and collaterals mainly comprise guarantees covering the operating premises of the Group and its subsidiaries. It also includes, since 2018, a guarantee given to the tax authorities by the Italian subsidiaries for the application of its consolidated VAT regime.

Note 10.3.5 Commitments given on swaps

The Group had contracted swaptions covering a notional value of €100 million in 2018. These swaptions became effective during the year, and the commitment was cancelled.

Note 10.4 Reciprocal commitments

Directly linked to development and redevelopment projects, reciprocal commitments relate to the acquisition contracts (VEFA) and other contracts for real estate development. At 31 December 2019, the secured acquisition contracts totalled €70,994 thousand mainly composed of the Nice Lingostière project.

To the best of our knowledge, there is no omission of any material off-balance-sheet commitment or commitment which could become significant in the future as determined by the accounting principles applied.

Note 11 Transactions with related parties

On 16 April 2014, the Carrefour group and Carmila signed agreements entrusting functions or services performed by Carrefour for Carmila. The term of these agreements was set at five years, *i.e.* until 15 April 2019, and has been extended until 31 December 2020.

In addition, Carrefour and Carmila signed an agreement for the execution of the renovation and development of Carmila's assets.

During the first half of 2019, Carmila acquired from the Carrefour Group in Spain, the operating rights for the specialty leasing activity in eight shopping malls for a total investment of 2.9 million euros over the period.

There were no substantial changes over the financial year as regards transactions with related parties.

FRANCE

(in thousands of euros)	31/12/2019	31/12/2018
Agreement on renovation and development – Carmila-Carrefour		
Personnel secondment agreement	1,290	1,000
Exclusive mandate – Carrefour Property Gestion	8,189	7,845
Lease and asset management		
Service agreement between Carmila France and Almia Management and Carrefour Administratif France	802	893
Services in the field of insurance management, legal (both corporate and litigations), tax, accounting, treasury back-office, payroll		
Service agreement between Carmila and Carrefour Administratif France	88	0
Services in the field of insurance management, tax, accounting, treasury back-office		
Service agreement between Carmila and Carrefour	74	102
Accounting, tax, legal assistance, insurance management		
Service Agreement between CPF Asset Management and Carmila France	607	567
Legal real estate services, human ressources, management accounting, janitor services		
TOTAL BILLED TO CARMILA AND SUBSIDIARIES IN FRANCE	**11,050**	**10,367**
Shopping mall Director mandate with Carrefour Property Gestion	-4,624	-4,624
Agreement billed by Almia Management		
Exclusive mandate with Carrefour Property France, Immobilière Carrefour, Hyparlo, Sogara and Carrefour Property Development	0	0
Lease negotiations and specialty leasing activity		
New extension or other development lease negotiation fees	-310	-1,200
Fees billed byAlmia Management		
TOTAL BILLED BY CARMILA IN FRANCE	**-4,934**	**-5,824**
TOTAL NET AMOUNT INVOICED TO CARMILA - FRANCE (EXPENSE)	**6,116**	**4,583**

SPAIN

(in thousands of euros)	31/12/2019	31/12/2018
Exclusive mandate – Carrefour Property España	2,663	2,363
Lease management		
Service contract – Centros Comerciales Carrefour	668	635
Insurance, legal assistance, tax, accounting, cash management, IT, payroll, janitor services		
Service contract – Carrefour Property España	320	303
Legal real estate services, management, human resources		
Marketing of specialty leasing	37	0
TOTAL CHARGED TO CARMILA IN SPAIN	**3,688**	**3,301**
Exclusive mandate – Carrefour Property España, Carrefour Norte, Carrefour Navarra and third parties	-172	-168
Asset management		
Exclusive mandates – Carrefour Property España, Carrefour Navarra, Carrefour Norte and third parties	-238	-789
Marketing of premises in shopping malls	*-12*	*-68*
Marketing of leasable areas comprised within common areas	*-226*	*-721*
TOTAL INVOICED BY CARMILA IN SPAIN	**-410**	**-957**
TOTAL NET AMOUNT INVOICED TO CARMILA – SPAIN (EXPENSE)	**3,278**	**2,344**

ITALY

(in thousands of euros)	31/12/2019	31/12/2018
Service contract with GS S.p.A.	534	466
Legal assistance, tax, accounting, technical maintenance		
Service contract with Carrefour Property Italia S.r.l.	230	253
Management accounting, project investment, janitor services		
Cash Management Service contract with Carrefour Italia Finance S.r.l.	55	55
Exclusive mandate with Carrefour Property Italia S.r.l.	566	664
Lease negociation and asset management	*275*	*378*
Specialty leasing	*292*	*286*
TOTAL AMOUNT INVOICED TO CARMILA - ITALY (EXPENSE)	**1,385**	**1,438**

Note 12 Employee compensation and benefits

Note 12.1 Payroll expenses

See Note 8.2.3.

Note 12.2 Headcount

At 31 December 2019, the Carmila Group had 189 employees, including 129 in France employed by its Almia Management subsidiary, 45 in Spain and 15 in Italy (excluding apprentices).

Note 12.3 Employee benefits

Employees receive benefits during their employment (paid leave, sick leave, profit-sharing, long service awards, etc.) and defined-benefit or defined-contribution post-employment benefits (end-of-service indemnities, pension benefits, etc.).

Note 12.3.1 Pension benefits

ACCOUNTING POLICIES

Defined-contribution schemes

Defined-contribution schemes are schemes whereby the company makes periodic fixed contributions to external benefit agencies that provide administrative and financial management. These schemes free the employer from any further obligation; with the agency taking responsibility for paying employees the amounts owed them (basic social security pension schemes in France, supplementary pension schemes and pension funds with fixed contributions).

These contributions are recognised as expenses when they fall due.

Defined-benefit schemes and long-term benefits

Carmila makes provisions for various defined-benefit schemes that depend upon individuals' accumulated years of service within the Group.

The actuarial method used for this evaluation is a prospective method that projects career-end salaries and calculates pro-rata entitlements based on years of service, a method that complies with the recommendations of IAS 19. The calculations are made by a qualified actuary.

For each active participant, the benefit likely to be paid is estimated based on the rules defined in the collective bargaining agreement or schedule in force, using personal data projected to the standard age for payment of the benefit. The company's total obligations toward each participant (actuarial value of future benefits) are then calculated by multiplying the estimated benefit by an actuarial factor, which takes into account the following:

- assumptions concerning the employee's probability of either leaving the company or dying before the age of payment of the benefit;
- the discounted value of the benefit at the valuation date.

These total benefits are then allocated over each of the past and future financial years for which the participant accrued rights under the retirement programme:

- the share of this total benefit allocated to financial years prior to the valuation date (Actuarial Debt or Value of the Obligations) reflects amounts due under the company's obligations for "services rendered". The actuarial debt reflects amounts due under the total obligations indicated on the balance sheet;
- the share of the total cost allocated to financial years subsequent to the valuation date (Cost of Services) represents the likely increase in obligations as a result of the additional year of service that the participant will have performed at the end of the financial year. Depending on their nature, charges related to the cost of services are recorded either under Operating income or under other financial income and expenses for the portion relating to interest expenses.

In accordance with IAS 19, actuarial gains and losses resulting from a change in assumptions are entered under "Other comprehensive income".

With this method, the value of the obligations or the actuarial debt at the valuation date is obtained by distributing the total plan cost or Present Value of Future Benefits (PVFB) on a straight-line basis from the participant's employment start date to his or her retirement date.

The discount rate reflects the expected year-end yield from investment-grade (AA) euro-zone bonds with a maturity equal to the valued obligation (with reference to the rate for iBoxx Euro AA corporate bonds maturing in 10 years or more).

At 31 December 2019, the Group applied the following principal actuarial assumptions:

- discount rate: 0.75% (vs. 1.44% in 2018);
- salary indexation: 2.0% (unchanged from 2018).

Note 12.3.2 Share-based payments

ACCOUNTING POLICIES

The Group applies the provisions of IFRS 2 – *Share-based payment*. The fair value of share-based payment rights granted to employees is determined at their assignment date. It is recorded as payroll expenses, with an increase in shareholders' equity as counterpart over the period when the rights are definitively vested. The amount recognised as an expense is adjusted to reflect the number of rights for which it is estimated that the non-market service and performance conditions will be met. Thus, the amount recognised as an expense is ultimately based on the actual number of rights that fulfil the service conditions and the non-market performance conditions at the vesting date. For share-based payment rights with other conditions, the fair value measurement at the assignment date reflects these conditions. The differences between the initial estimate and actual costs do not give rise to any subsequent adjustments.

Under IFRS 2.11, the equity instruments granted must be measured at their fair value at the assignment date using an option pricing model. The Black & Scholes and Monte-Carlo models were used to simulate the fair unit value of the instruments.

The Group has four share-based bonus plans for corporate officers and key employees in France, Spain and Italy. The cost is spread over the vesting period (period of work to be completed by the employee prior to being able to exercise the options allocated to him or her).

The two plans granted in 2016 (plan 1 and plan 2) were delivered in 2018.

The plans in effect at 31 December 2019, granted in 2017, 2018 and 2019, were as follows:

- the 2017 share-based Performance Plan that incorporates, along with a presence criteria outlined above, the fulfilment of conditions relating to the Group's financial performance. Of these Performance Plans:
  - 50% relates to the fulfilment of conditions linked to the change in the total shareholder's return for 2017 (based on the NNNAV indicator as defined by EPRA) versus a comparable panel of real estate companies,
  - 50% relates to the fulfilment of conditions relating to the change in recurring earnings per share in 2017 compared with the original subscription price;
- in 2018, the preference share-based performance plan incorporates, in addition to a continued employment criterion, the fulfilment of conditions relating to the Group's financial performance:
  - 1/3 relates to the fulfilment of conditions linked to the change in the total shareholder return (based on the NNNAV indicator as defined by EPRA) versus a comparable panel of real estate companies,
  - 1/3 relates to the fulfilment of conditions linked to the growth in recurring earnings per share between the years ended 31/12/2017 and 31/12/2020,
  - 1/3 relates to the fulfilment of conditions linked to the comparison of the 2020 stock market price to the NAV at 31 December 2019;
- a new preference share-base preference plan was approved in 2019 incorporating, in addition to a continued employment criterion, the fulfilment of conditions relating to the Group's financial performance:
  - 1/4 relates to a total shareholder return over three years by end 2021 compared to a panel,
  - 1/4 relates to the growth in recurring earnings per share,
  - 1/4 relates to the percentage of environmental certifications in the portfolio at end 2021,
  - 1/4 relates to the total stock market yield over three years by end 2021 compared to a panel.

Fifty percent of the 2017 plan was definitively allocated over the period for key employees. The class B preference shares were issued during the period under the bonus preference share-based plan approved by the Shareholders' Meeting in 2018.

The benefits granted were thus spread over the vesting period and recognised as payroll expenses for €946 thousand, with a corresponding increase in equity of €454 thousand and social-security accruals (20% and 30% social-security expenses) of €492 thousand.

	Plan n° 3 [1]		Plan n° 4	
Summary of the plans	**France**	**Abroad**	**France**	**Abroad**
Date of General Meeting	14/04/2016		16/05/2018	
Date of grant	12/06/2017		16/05/2018	
End of vesting period	Key employees: Tranche 1: 12/06/2019 Tranche 2: 12/06/2020 Corporate officers[2]: 12/06/2020		Tranche 1 -20%: 16/05/2019 Tranche 2 -20%: 16/05/2020 Tranche 3 -60%: 16/05/2021	
End of holding period	Key employees: Tranche 1: 12/06/2019 Tranche 2: 12/06/2020 Corporate officers[2]: 12/06/2020		16/05/2021	
Continued employment condition	The beneficiary's continued employment during the vesting period		The employment will influence the conversion ratio of B shares into A shares, by tranches as described over the acquisition period.	
Performance conditions	Total Shareholder Return (TSR) Based on NNNAV and recurring EPS: based on net recurring consolidated income in accordance with IFRS principles		Changes in the NAV as compared to a panel Recurring EPS: CAGR Changes in the share price	
Shares initially allocated [1]	**79,990**	**16,998**	**108,888**	**16,858**
Shares cancelled at 31/12/2019	-33,405	-	-13,135	
Discount for performance shares in 2019	-6,295	-		
Shares vested in 2019	-21,151	-		
Outstanding shares at 31 December 2019	19,139	16,998	95,753	16,858

(1) Number of shares allocated post-merger, applying merger parity.
(2) President and Chief Operating Officers.

	Plan n° 5		Plan n° 6	
Summary of the plans	**France**	**Abroad**	**France**	**Abroad**
Date of General Meeting	16/05/2018		16/05/2019	
Date of grant	24/10/2018		16/05/2019	
End of vesting period	Tranche 1 – 20%: 24/10/2019 Tranche 2 – 20%: 24/10/2020 Tranche 3 – 60%: 24/10/2021		Tranche 1 -20%: 16/05/2020 Tranche 2 -20%: 16/05/2021 Tranche 3 -60%: 16/05/2022	
End of holding period	24/10/2021		16/05/2022	
Continued employment condition	The employment will influence the conversion ratio of B shares into A shares, by tranches as described over the acquisition period.		The employment will influence the conversion ratio of B shares into A shares, by tranches as described over the acquisition period.	
Performance conditions	Changes in the NAV as compared to a panel Recurring EPS: CAGR Changes in the share price		Changes in the NAV as compared to a panel Recurring EPS: CAGR Changes in the share price	
Shares initially allocated	**7,537**	**0**	**121,806**	**23,100**
Shares cancelled at 31/12/2019			-4,100	
Discount for performance shares in 2019				
Shares vested in 2019				
Outstanding shares at 31 December 2019	7,535	0	117,706	23,100

Plan n°3	Plan n°3
Average share price on the allocation date	€28.50
Dividend per share	€1.50
Unit value	€24.68 – €23.84
Expense for the period[1]	**-€53 k**

(1) Including social charges.

Plan n°4	Plan n°4
Average share price on the allocation date	€24.90
Dividend per share	€1.50
Unit value	€17.90
Expense for the period[1]	**€553 k**

(1) Including social charges.

Plan n°5	Plan n°5
Average share price on the allocation date	€20.42
Dividend per share	€1.50
Unit value	€17.90
Expense for the period[1]	**€26 k**

(1) Including social charges.

Plan n°6	Plan n°6
Average share price on the allocation date	€16.16
Dividend per share	€1.50
Unit value	€13.10
Expense for the period[1]	**€420 k**

(1) Including social charges.

Note 13 Additional information

Note 13.1 Subsequent events

None.

Note 13.2 Statutory Auditors' fees

	KPMG				Deloitte				Other				Total	
	Statutory auditors		Network		Statutory auditors		Network		Statutory auditors		Network		Statutory auditors	Network
(in thousands of euros)	31/12/2019	%	31/12/2019	%	31/12/2019	%	31/12/2019	%	31/12/2019	%	31/12/2019	%	31/12/2019	31/12/2019
Audit of statutory and consolidated financial statements and half year limited review	**368**	**89%**	**-**	**0%**	**176**	**96%**	**228**	**100%**	**43**	**100%**	**-**	**0%**	**587**	**228**
Carmila S.A.	258	63%	-	0%	162	88%	-	0%	-	0%	-	0%	420	-
Fully consolidated subsidiaries	110	27%	-	0%	13	7%	228	100%	43	100%	-	0%	167	228
Services other than audit of the financial statements	**44**	**11%**	**-**	**0%**	**8**	**4%**	**-**	**0%**	**-**	**0%**	**-**	**0%**	**52**	**-**
Carmila S.A.[1]	42	10%	-	0%	8	4%	-	0%	-	0%	-	0%	50	-
Fully consolidated subsidiaries	2	0%	-	0%	-	0%	-	0%	-	0%	-	0%	2	-
TOTAL FEES	**412**	**100%**	**-**	**0%**	**184**	**100%**	**228**	**100%**	**43**	**100%**	**-**	**0%**	**639**	**228**

(1) In 2019, these fees are mainly related to services rendered in connection with the issuance of bonds (comfort letter) and the review of the CSR information.

Note 14 List of consolidated companies

List of consolidated companies Fully consolidated companies	Country	% interest December 2019	December 2018	Change	% control December 2019	December 2018	Change
FRANCE							
Carmila SA	France	100.00%	100.00%	-	100.00%	100.00%	-
Carmila France SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Almia Management SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
SCI du centre Commercial de Lescar	France	100.00%	100.00%	-	100.00%	100.00%	-
SCI de l'Arche	France	50.00%	50.00%	-	50.00%	50.00%	-
SCI des Pontots	France	100.00%	100.00%	-	100.00%	100.00%	-
SCI Carmila Anglet	France	100.00%	100.00%	-	100.00%	100.00%	-
SCI Carmila Coquelles	France	100.00%	100.00%	-	100.00%	100.00%	-
SCI Carmila Labège	France	100.00%	100.00%	-	100.00%	100.00%	-
SCI Carmila Orléans	France	100.00%	100.00%	-	100.00%	100.00%	-
SCI Carmila Bourges	France	100.00%	100.00%	-	100.00%	100.00%	-
SCI Sothima	France	100.00%	100.00%	-	100.00%	100.00%	-
Hyparmo Sarl	France	100.00%	100.00%	-	100.00%	100.00%	-
Bay1Bay2 SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Financière Géric SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Louwifi SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Crèche sur Saone SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Evreux SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Retail Development SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
KC11 SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Best of the web SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Saran SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Nice SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Lou5G SAS	France	100.00%	0.00%	100%	100.00%	0.00%	100%
SPAIN							
Carmila España SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Santiago SLU	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Talavera SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Huelva SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Mallorca SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Puerto SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Cordoba SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
ITALY							
Carmila Holding Italia SRL	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Italia SRL	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Carmila Milano Nord SRL	Italy	100.00%	100.00%	-	100.00%	100.00%	-

List of consolidated companies equity-accounted companies	Country	% interest December 2019	December 2018	Change	% control December 2019	December 2018	Change
As Cancelas	Spain	50.00%	50.00%	-	50.00%	50.00%	-
Carmila Thiene SRL	Italy	50.10%	50.10%	-	50.10%	50.10%	-

List of deconsolidated companies in 2019	Country	% interest December 2019	December 2018	% control December 2019	December 2018	Comments
Carmila Assago SRL	Italy	0.00%	100.00%	0.00%	100.00%	Merged
Carmila Limbiate SRL	Italy	0.00%	100.00%	0.00%	100.00%	Merged
Galleria Commerciale Nichelino SRL	Italy	0.00%	100.00%	0.00%	100.00%	Merged

7.2 Statutory auditors' report on the consolidated financial statements

Year ended 31 December 2019

This is a free translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Carmila S.A. Shareholders' Annual General Meeting

Opinion

In compliance with the engagement entrusted to us by the Shareholders' meetings, we have audited the accompanying financial statements of Carmila S.A. for the year ended 31 December 2019.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (Code de déontologie) for statutory auditors.

Emphasis of Matter

We draw attention to the following matter described in Note "3.3 Accounting Standards" to the consolidated financial statements relating to the initial application of the standard IFRS 16 – *Leases and the interpretation* IFRIC 23 – *Uncertainty over Income Tax*. Our opinion is not modified in respect of this matter.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Key Audit Matters	Responses as part of our audit
Valuation of investment property *(Note 6 to the financial statements)* As of 31 December 2019, investment property is recorded on the balance sheet for a net carrying amount of €6,002 million compared to total assets of €6,520 million. As indicated in Note 6 to the consolidated financial statements, in application of the method proposed by IAS 40, Investment property is recorded at fair value. The fair values used are those determined on the basis of findings by independent experts. The property assets are appraised twice a year by experts. They independently establish their current and future cash flow estimates by applying risk factors (as location, retail competition, etc.) either to the net income capitalization rate or to future cash-flow. In order to conduct their work, the experts have access to all the information needed to value the assets, and specifically the list of leases, the vacancy rate, rental arrangements and the main aggregates on lessees (such as sales). The valuation of investment property which is the main portion of total assets, is considered to be a key audit matter due to: • the use of judgments of Management and independent experts to determine the fair value of investment property, • the complexity of the fair value valuation model • the sensitivity of these fair values to assumptions adopted by the experts.	We have assessed the compliance of the accounting treatment applied by the Group to IFRS accounting principles and the pertinence of the disclosures presented in Note 6 to the consolidated financial statements. Our work and work performed by Components' auditors under our instructions and control consisted in- : • Conducting interviews with independent appraisers and Management to assess the pertinence of the valuation methodology and assumptions used; • Assessing the competence, independence and objectivity of the external appraisers of the Group, in particular with regard to their reputation and by verifying the certificate of independence issued by the expert included as a statement in it report; • Analyzing the changes in fair value of each investment property and assessing the basis with respect to market changes and the rental situation of the building; • Verifying that the fair value methods used are in line with market practices, and assess, on a sample basis, the consistency with the market data of the valuation assumptions used by the independent experts, particularly the rates of return and the market rental values; • Corroborating, on a sample basis, the main information provided by the company to independent experts with rental statements and investments; • Comparing investment property amounts in the consolidated financial statements with independent experts' valuation; • Assessing the appropriateness of the disclosures presented in Note 6 to the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed statutory auditors of Carmila S.A. by the Shareholders' Meeting of 25 June 2010 for KPMG and 25 June 2009 for Deloitte & Associés.

As at 31 December 2019, KPMG was in its 10th year of uninterrupted engagement and Deloitte & Associés in its 11th year of uninterrupted engagement, and respectively 10 and 11 years since the securities were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, 14 February 2020

The Statutory Auditors

KPMG S.A.

French original signed

Éric Ropert
Partner

Adrien Johner
Partner

Deloitte & Associés

French original signed

Stéphane Rimbeuf
Partner

7.3 Statutory financial statements

7.3.1 Statutory financial statements at 31 December 2019

7.3.1.1 Income statement for the year ended 31 december 2019

(in thousands of euros)	Notes	31/12/2019	31/12/2018
Net revenue		4	5,237
Reversal of depreciation and provisions		34	838
Other income		956	2,176
Operating income	**6.1**	**994**	**8,251**
Purchases and operating expenses	6.1.1	-4,300	-7,253
Taxes	6.1.2	9	-543
Allowances for depreciation and provisions	6.1.3	-60	-2,113
Other expenses		-669	-700
Operating expenses		**-5,020**	**-10,609**
Operating income		**-4,026**	**-2,358**
Share in profit or loss of investments		0	37
Financial income		86,301	94,593
Financial expenses		-61,701	-55,068
Allowance for impairment and provisions on financial assets		-1,377	-8,030
Net financial income/(expense)	**6.2**	**23,223**	**31,495**
Current income before tax		**19,197**	**29,173**
Extraordinary income		1,740	228,378
Extraordinary expenses		-636	-187,340
Extraordinary profit/(loss)	**6.3**	**1,104**	**41,038**
Income tax	6.4	-372	-394
NET INCOME FOR THE PERIOD		**19,929**	**69,817**

7.3.1.2 Balance sheet at 31 december 2019

Balance sheet Assets

(in thousands of euros)	Notes	Gross amount 31/12/2019	Depreciation and amortisation	Net amount 31/12/2019	Net amount 31/12/2018
Share capital subscribed but not paid-up					
Intangible fixed assets	4.1.1	201	183	18	27
Property plant and equipment	4.1.2	1	-	1	-
Financial assets	4.2	5,379,865	-	5,379,865	5,377,184
Fixed Asset		**5,380,067**	**183**	**5,379,884**	**5,377,211**
Trade receivables	4,3	1,419		1,419	1,781
Other receivables	4,3	2,291		2,291	75,917
Marketable securities	4,4			-	142,007
Cash	4,5	61,421		61,421	21,356
Prepaid expenses		25		25	28
Current Assets		**65,156**	**0**	**65,156**	**241,089**
Bond redemption premiums	4.6	5,457		5,457	6,833
TOTAL ASSETS		**5,450,680**	**183**	**5,450,497**	**5,625,133**

Balance sheet liabilities

(in thousands of euros)	Notes	31/12/2019	31/12/2018
Share capital		820,091	819,370
Issuance premium		520,611	519,655
Merger premium		1,608,558	1,748,549
Retained earnings		15,342	11,851
Prior period unallocated income		98	0
Net income for the period		**19,929**	**69 817**
Shareholders' Equity	**5.1**	**2,964,700**	**3,169,242**
Contingencies and provisions	5.2	2,527	6,149
Provisions		**2,527**	**6,149**
Financial indebtedness	5.3	2,455,026	2,436,064
Trade and other accounts payable	5.4	3,856	4,784
Other liabilities	5.5 & 5.6	4,363	8,866
Prepaid income		96	28
Liabilities		**2,463,341**	**2,449,742**
TOTAL LIABILITIES & SHAREHOLERS' EQUITY		**5,430,568**	**5,625,133**

7.3.2 Notes to the statutory financial statements

Note 1 Company's business

Carmila SA, the Company, was incorporated in March 1991. Its corporate purpose is to acquire or build properties for commercial use or for leasing in France and abroad, as well as to directly or indirectly hold interests in companies with the same corporate purpose. It is a real estate company involved in managing and enhancing the value of shopping centres and retail parks anchored by Carrefour hypermarkets, operated directly or indirectly by Carrefour.

The Company opted for the "SIIC", or listed real estate investment company regime in France at 1 January 2015. As such, it must distribute 95% of its rental income and 70% of the capital gains on the disposals of properties and 100% of the dividends received from SIIC subsidiaries. This regime is considered to be a specific tax exemption status and not one that offers a lower rate of tax on distributed earnings. In return, the beneficiary is taxed on the distributed profits at the tax rate applicable to the beneficiary, without the possibility of applying the parent subsidiary allowance.

The Company's registered office is at 58, avenue Émile-Zola, 92100 Boulogne-Billancourt, France.

The Statutory financial statements were approved by the Board of Directors on 13 February 2020 for submission for the approval of the General Shareholders' Meeting to be held on 14 May 2020.

Note 2 Key highlights

Note 2.1 Debt: bond issue

On 17 July 2019 Carmila received approval from the AMF, the French Financial Markets Authority, for the prospectus of its Euro Medium Term Notes (EMTM) programme which is authorised for up to €1.5 billion. On 6 November Carmila issued a private placement under this programme, issuing bonds for an amount of €50 million with a 12-year maturity (November 2031) and a coupon of 1.89%. This bond issue is the Group's longest term yet, following the 10-year public bond issue of March 2018.

The bonds represent senior Company debt. They do not provide for guarantees or security. They are listed on the Euronext Paris bond market.

Note 2.2 Internal restructuring

With a view to opting for the SOCIMI (Spanish REIT) tax regime, a legal reorganisation was carried out whereby the subsidiaries of Carmila España, which had hitherto been the head of the Carmila Group in Spain, were sold to Carmila SA. A SOCIMI listed in a European country other than Spain cannot directly hold subsidiaries. Each subsidiary owns a separate assets in Spain.

This transaction was carried out in December. Carmila bought 100% of the shares in its five subsidiaries from Carmila España and 50% of the shares of a company held jointly with a third party, for a total share value of €290.2 million. On this occasion Carmila also bought the shareholder loans granted by Carmila España to its subsidiaries, leading the latter to repay a significant part of its shareholder loan.

Note 2.3 Distribution

On 16 May 2019, the Shareholders' Meeting, on the proposal of the Board of Directors, approved the distribution of a dividend of €1.50 per share, for which €66,327 thousand were deducted from the distributable income and the balance of €138,216 thousand from the merger premium.

Note 3 Accounting principles and valuation methods

Note 3.1 Accounting principles applied

The Company's statutory financial statements have been prepared and presented in accordance with the principles and methods defined by French Accounting Standards Board Regulation ANC 2014-03 as amended by all subsequent regulations.

Generally accepted accounting principles in France have been applied, in compliance with the cautiousness principle, according to the general rules applied in the preparation and presentation of annual financial statements and with the following basic assumptions:

- going concern;
- independence of financial years;
- consistency of accounting policies applied.

The measurement basis used to prepare the financial statements is the historic cost method.

The measurement basis and accounting policies have not changed relative to the prior year. The annual financial statements are shown in thousands of euro, rounded to the nearest thousand.

Note 3.2 Appraisal method

Note 3.2.1 Intangible assets

Software licenses are amortised over 48 months.

Note 3.2.2 Property, plant and equipment

Property, plant and equipment are stated on the balance sheet at their acquisition cost, plus the ancillary costs and expenses incurred to acquire the asset, particularly transfer taxes.

When fixed assets include significant components with different useful lives, they are recognised separately.

The costs to replace or renew a fixed assets are recognised as a separate asset, and the replaced asset is eliminated. Other costs incurred subsequently for fixed assets are only recognised as fixed assets if they improve the condition of the asset and expand its capacity relative to its original performance.

The valuation method used is that of historical cost. A provision for impairment is funded when the future economic benefits associated to an item of property, plant and equipment is less than its net book value. Impairment is calculated by comparing the net book value of the asset with the higher of the usage value or the market value, determined where appropriate by an independent expert. If the market value thus determined is lower, an impairment loss is recognised for the difference.

Assets under construction include the costs incurred on the project. They are not amortised until the project has been commissioned and reclassified to fixed assets accounts.

Note 3.2.3 Financial assets

Financial assets are comprised of equity interests and receivables related to equity investments and property security deposits. They are carried at their acquisition cost plus any expenses incurred to acquire the asset, on the date of initial recognition.

Equity interests are impaired when their current value is less than their acquisition cost. The current value of the equity interests is the net asset valuation based on the fair value of the assets. The net assets value in real estate companies is determined by appraisals of investment property by independent experts, based on information specific to the asset and the market rate of return.

Loans and other financial assets are recorded at their face value. A provision for impairment is recognised when the current value is lower than the book value.

Impairments are recognised in net financial income/(expense), including reversals of impairments on disposal of an equity interest. The proceeds from the disposal of equity interests are recognised in extraordinary income/(loss).

Note 3.3 Mergers and similar transactions.

Mergers are recognised in the financial statements in line with the regulations of the French Accounting Standards Board.

Opinion no. 2004-01 of the French National Accounting Board defines the rule on merger gains or losses. The accounting treatment of technical losses on mergers was amended by regulation no. 2015-06, approved by the decree of 4 December 2015 and defining gains and losses as follows:

- for the amount of the share of earnings accumulated by the acquiree (from the date of acquisition of shares in the acquiree by the acquirer) and not distributed, the gain must be recognised in the net financial income (expense) of the acquiror. Any residual amount will be accounted for in equity;
- if the net merger impact is a loss it must be accounted for on the basis of the nature of the underlying asset in a specific intangible asset, property, plant and equipment, financial or current asset account. Any remaining loss must be recognised as a financial expense.

Note 3.4 Operating receivables and payables

Receivables are recognised at face value. They mainly comprise the debtor balance of subsidiaries' current accounts. These receivables are estimated on an individual basis at each reporting date, and a provision is accrued whenever there is a risk of uncollectability.

Trade accounts payable and other payables are recorded at cost.

Note 3.5 Marketable securities

Marketable securities are recognised on the date of acquisition at their acquisition price. Gains or losses on the disposal of marketable securities are determined using the weighted average cost method. At 31 December, mutual fund units are measured at market value, or the last known net unit price value.

The Company's treasury shares, acquired under a liquidity contract, are shown at cost and impairment is recognised if the carrying amount is higher than the market price on 31 December of each year.

Note 3.6 Deferred charges: Debt issuance costs

Debt issuance costs are not staggered in the parent company financial statements and are directly expensed.

Note 3.7 Provisions – Employee benefits

In general, provisions are established to cover clearly identifiable risks and expenses, for which the timing or the amount is uncertain, made probable by events that have occurred, and it is likely that these events will result in an outflow of resources to a third party by virtue of a legal or implicit obligation, without receiving at least equivalent consideration, and where the amount of risk or expense can be estimated with sufficient reliability, but when the fulfilment and due date are uncertain.

A provision is recognised for share payment bonus plans, once it is probable or certain that the obligation to grant existing shares to employees will generate an outflow of resources without receiving at least equivalent consideration. When the assignment of shares or stock options is conditional upon the presence of the beneficiary in the Company's employment for a given future period, a consideration is yet to be given to the Company, such as in the case of corporate officers in which case the liability is recognised in the form of a provision, accrued for services already rendered by the beneficiary.

Note 3.8 Financial liabilities

Financial liabilities are recognised at face value. However, during the merger of Carmila SAS with Cardety SA in 2017, financial liabilities were recorded in the acquirer's liabilities, adjusted to their market value including:

- the unrealised loss on hedging instruments in the amount of €22,113 thousand;
- the unrealised loss on fixed-rate bonds expressed at their market value at 31 December 2016, as a result of persistent low interest rates in the period, in the amount of €23,834 thousand.

These adjustments for a total of €45,947 thousand are recognised as income on a straight-line basis for the remaining term of the debt or the underlying instrument. Thus, €7,218 thousand was recognised in income in 2019.

Debt issuance costs are expensed in the year in which the debt is issued. As the Group head company, the Company ensures almost all the financing requirements needed by the Group and manages the Group's interest rate risk.

Interest rate hedges are intended to limit the impact of interest rate fluctuations on variable rate debt. The Company uses over-the-counter financial instruments with top-tier bank as counterparties for these hedges. The derivative instruments used are mainly swaps, caps and swaptions. Gains and losses on these hedging instruments are recognised symmetrically with the gains and losses on the underlying debt.

Note 3.9 Tax regime

The Company opted for the "SIIC", or listed real estate investment company regime in France at 1 January 2015.

This regime is considered to be a specific tax exemption status and not one that offers a lower rate of tax on distributed earnings. In exchange for this benefit, these listed property investment companies are required to distribute 95% of their rental income, 70% of their capital gains on disposals and 100% of the dividends received from their "SIIC" subsidiaries as recorded in 2019. In return, the beneficiary is taxed on the distributed profits at the tax rate applicable to his status, without the possibility of applying the parent subsidiary allowance.

Note 4 Notes to the balance sheet – Assets

Unless indicated otherwise, the values indicated below are in thousands of euros.

Note 4.1 Intangible assets and property, plant and equipment

Note 4.1.1 Intangible assets

Other intangible assets comprise software applications which taken individually are not material.

Note 4.1.2 Property, plant and equipment

In 2018 Carmila SA contributed its assets to Carmila France and Carmila Saran. Consequently, Carmila SA no longer directly owns any real estate assets or property, plant and equipment since 31 December 2018.

Note 4.2 Financial assets

(in thousands of euros)	Gross value at 31/12/2018	Increase	Decrease	Gross value at 31/12/2019
Equity interests	3,158,835	290,235		3,449,070
Equity interests	**3,158,835**	**290,235**	**0**	**3,449,070**
Loans to subsidiaries	2,215,100	148,118	435,100	1,928,118
Treasury shares	4,546	8,282	10,152	2,676
Security deposits	2			2
Other financial assets	**2,219,648**	**156,399**	**445,252**	**1,930,796**
FINANCIAL ASSETS	**5,378,483**	**446,634**	**445,252**	**5,379,866**

At 31 December 2019, impairment tests enabled to conclude that there was no impairment requirements for equity interests.

In December 2019, with a view to opting for the SOCIMI tax regime for its Spanish subsidiaries, Carmila SA acquired their shares for a total proceed of €290,235 thousand. It acquired 100% of the shares of Carmila Mallorca, Carmila Huelva, Carmila Talavera, Carmila Puerto and Carmila Cordoba and 50% of those of As Cancelas (Santiago). At the same time Carmila bought the shareholder loans granted to each company by its Group parents for a total amount of €147,500 thousand. No new debt was created by these transactions. Lastly these transactions enabled Carmila España to repay €400,000 thousand of its shareholder loan. Likewise, Carmila Holding Italia repaid €35,100 thousand over the period.

At 31 December 2019, Carmila SA held 153,283 treasury shares, comprising shares held in the context of the liquidity contract and shares held with a view to using them in share-based bonus plans.

In accordance with the accounting principles and methods detailed in Section 3, a €685 thousand provision for the impairment of treasury shares for the previous financial year was reversed.

In 2019, the liquidity contract saw:

- the purchase of 395,922 shares at an average price of €16.54 per share;
- the sale of 450,836 shares at an average price of €16.86 per share.

SUBSIDIARIES AND OTHER EQUITY INTERESTS

(in thousands of euros)	% held	Share capital	Shareholders' equity other than share capital	Net income for the period	Sales (excluding VAT)	Gross book value of shares	Net book value of shares	Loans and advances outstanding	Guarantees and collateral granted	Dividends received in 2019
1. Subsidiaries (%>50)										
France										
Carmila France	100%	707,907	2,273,026	66,268	148,137	2,557,463	2,557,463	1,340,000		30,063
Almia Management	100%	500	1,874	803	19,300	2,467	2,467	0		0
Total France		**708,407**	**2,274,900**	**67,071**	**167,437**	**2,559,929**	**2,559,930**	**1,340,000**	**0**	**30,063**
Abroad										
Carmila España (Spain)	100%	186,315	213,081	113,354	77,813	415,252	415,252	335,000		0
Carmila Talavera (Spain)	100%	4,003	6,974	416	3,980	29,455	29,455	6,500		0
Carmila Huelva (Spain)	100%	20,003	23,419	-1,398	9,452	69,031	69,031	22,900		0
Carmila Mallorca (Spain)	100%	37,403	69,560	348	12,699	91,447	91,447	69,300		0
Carmila Puerto (Spain)	100%	15,788	18,966	-909	3,054	21,349	21,349	14,400		0
Carmila Cordoba (Spain)	100%	26,161	31,515	-1,543	4,657	32,921	32,921	22,600		0
Carmila Holding Italia (Italy)	100%	15,730	157,425	-1,912	135	183,654	183,654	105,000	10,900	0
Total Foreign		**305,403**	**520,940**	**108,356**	**111,790**	**843,109**	**843,109**	**575,700**	**10,900**	**0**
Total Subsidiaries		**1,013,810**	**2,795,840**	**175,427**	**279,227**	**3,403,038**	**3,403,039**	**1,915,700**	**10,900**	**30,063**
2. Equiy investments (10<%<50)										
France										
Abroad										
As Cancelas (Spain)	50%	900	45,818	3,419	9,348	46,031	46,031	11,500		0
Total equity investments		**900**	**45,818**	**3,419**	**9,348**	**46,031**	**46,031**	**11,500**	**0**	**0**
TOTAL		**1,014,710**	**2,841,658**	**178,846**	**288,575**	**3,449,069**	**3,449,070**	**1,927,200**	**10,900**	**30,063**

Note 4.3 Trade receivables and other receivables

(in thousands of euros)	Balance 31/12/2019	Maturing in less than 1 year	Maturing in over 1 year	Balance 31/12/2018	Maturing in less than 1 year	Maturing in over 1 year
Trade receivables	1,419	1,419		1,781	1,781	
Impairment/losses in value	0			0		
Total trade receivables	**1,419**	**1,419**		**1,781**	**1,781**	
Other taxes receivables	704	704		2 370	2 370	
Other receivables	1,585	1,587		73,547	73,547	
Prepaid expenses	25	25		28	28	
Impairment/loss in value of other receivables	0			0		
Total other receivables	**2,314**	**2,315**		**75,945**	**75,945**	
TOTAL TRADE RECEIVABLES AND OTHER RECEIVABLES	**3,733**	**3,735**		**77,726**	**77,726**	

Other receivables mainly comprise down payments on invoices for works done in the past on shopping centres directly held by the Company until September 2018, and VAT on invoices not yet received.

Note 4.4 Marketable securities

Carmila SA held units in UCITS for a total of €145,053 thousand at the end of 2018. The company recognised an impairment loss of €3,046 thousand on the basis of the market value at 31 December 2018. Over the course of 2019 they were sold, giving rise to a loss of €1,033 thousand, in line with the negative yield of the EONIA money market rate.

Note 4.5 Cash & cash equivalents

Cash comprises the Company's bank account balances at 31 December 2019.

Note 4.6 Bond redemption premiums

The company has proceeded to issue four bonds. The premium paid for each issue is accrued over the tenor of the underlying debt, so that the book value of the bond is equal to the nominal amount subscribed at maturity. At 31 December 2019, €5,457 thousand remained to be accrued and. €1,377 thousand were accrued during the year.

Note 5 Notes to the balance sheet – Liabilities

Note 5.1 Equity

(in thousands of euros)	Balance at 31/12/2018	Increase	Dividend distribution	Income allocation	Reclassifications	Balances at 31/12/2019
Share capital	819,370	721				820,091
Issuance premium	519,655	-721			1,677	520,611
Merger premium	1,748,549		-138,314		-1,677	1,608,558
Revaluation adjustment	9,448					9,448
Legal reserve	2,033			3,491		5,524
Regulatory provisions	370					370
Other reserves	-					0
Prior period unallocated income	-		98			98
Net income for the period	69,818	19,929	-66,327	-3,491		19,930
TOTAL	**3,169,243**	**19,929**	**-204,543**	**0**	**0**	**2,984,629**

At 31 December 2019, the share capital was made up of 136,561,695 ordinary A-class shares, each with a nominal value of six euros (€6) fully subscribed and paid up. The share capital also includes 120,148 B-class shares, with a nominal value of six euros (€6) each.

During 2019:

- on 16 May 2019, the Annual Shareholders' Meeting of the Company approved the distribution of a dividend of €1.50 per share deducted from the distributable profits, and for the balance from the merger premium in an amount of €138,314 thousand;
- in addition, the Company issued 120,148 class B shares under the preference share-based bonus plan for Carmila's key employees and corporate officers. This capital increase was charged to the merger premium.

Note 5.2 Contingencies, provisions and impairment of assets

(in thousands of euros)	Gross value at 31/12/2018	Provision during financial year	Reversals during financial year	Gross value at 31/12/2019
Contingencies and provisions	**6,149**	**46**	**-3,668**	**2,527**
Provisions for contingencies	6,115	0	-3,634	2,481
Provisions for other charges	34	46	-34	46
Impairment provisions	**4,346**	**0**	**-4,346**	**0**
On property, plant and equipment	0	0	0	0
On financial assets	1,300	0	-1,300	0
On trade receivables	0	0	0	0
On marketable securities	3,046	0	-3,046	0
TOTAL	**10,495**	**46**	**-8,014**	**2,527**

The provision for other contingencies includes the assessment of the total cost of the three bonus share plans awarded in 2017, 2018 and 2019 for €2,481 thousand. At 31 December 2018, the provision for impairment of financial assets included the provision for the investment in Almia Management (€615 thousand) and the one for treasury shares (€685 thousand). These two provisions were no longer necessary at 31 December 2019 and were therefore reversed through profit and loss. The same applies to the provision for current assets relating to the impairment of marketable securities that were gradually sold during the course of the year.

Note 5.2.1 Bonus share plans

The Group has four share-based bonus plans for corporate officers and key employees in France, Spain and Italy. The cost is spread over the vesting period (period of employment to be completed by the beneficiary prior to being able to exercise the options allocated to him or her).

The shares of the two plans granted in 2016 (plan 1 and plan 2) were delivered in 2018.

The plans in effect at 31 December 2019, granted in 2017, 2018 and 2019, were as follows:

- the 2017 share-based Performance Plan that incorporates, along with presence criteria outlined above, the fulfilment of conditions relating to the Group's financial performance. Of these Performance Plans:
  - 50% relates to the fulfilment of conditions linked to the change in the total shareholder's return for 2017 (based on the NNNAV indicator as defined by EPRA) versus a comparable panel of real estate companies,
  - 50% relates to the fulfilment of conditions relating to the change in recurring earnings per share in 2017 compared with the original subscription price;
- in 2018, the preference share-based performance plan incorporates, in addition to a continued employment criterion, the fulfilment of conditions relating to the Group's financial performance:
  - 1/3 relates to the fulfilment of conditions linked to the change in the total shareholder return (based on the NNNAV indicator as defined by EPRA) versus a comparable panel of real estate companies,
  - 1/3 relates to the fulfilment of conditions linked to the growth in recurring earnings per share between the years ended 31 December 2017 and 31 December 2020,
  - 1/3 relates to the fulfilment of conditions linked to the comparison of the 2020 stock market price to the NAV at 31 December 2019;
- a new preference share-base plan was approved in 2019 incorporating, in addition to a continued employment criterion, the fulfilment of conditions relating to the Group's financial performance:
  - 1/4 relates to a total shareholder return over three years by the end of 2021 compared to a panel,
  - 1/4 relates to the growth in recurring earnings per share over 3 years,
  - 1/4 relates to the percentage of environmental certifications in the portfolio at the end of 2021,
  - 1/4 relates to the total stock market yield over three years by the end of 2021 compared to a panel.

Fifty percent of the 2017 plan was definitively allocated over the period for key employees. The class B preference shares were issued during the period under the bonus preference share-based plan approved by the Shareholders' Meeting in 2018.

	Plan n°1[1]		Plan n°2[1]		Plan n°3[1]	
Summary of the plans	**France**	**Abroad**	**France**	**Abroad**	**France**	**Abroad**
Date of General Meeting	14/04/2016		14/04/2016		14/04/2016	
Date of grant	Key employees: 15/06/2016 Corporate Officers [2]: 14/04/2016		Key employees: 15/06/2016 Corporate Officers[2]: 17/05/2016		12/06/2017	
End of vesting period	31/12/2017	13/04/2018	Key employees: 15/06/2018 Corporate officers[2]: 04/04/2018		Key employees: Tranche 1: 12/06/2019 Tranche 2: 12/06/2020 Corporate officers[2]: 12/06/2020	
End of holding period	Key employees: 15/06/2018 Corporate Officers[2]: 14/04/2018		Key employees: 15/06/2018 Corporate Officers[2]: 17/05/2018		Key employees: Tranche 1: 12/06/2019 Tranche 2: 12/06/2020 Corporate officers [2]: 12/06/2020	
Continued employment condition	The beneficiary's continued employment during the vesting period		The beneficiary's continued employment during the vesting period		The beneficiary's continued employment during the vesting period	
Performance condition	No		Total Shareholder Return (TSR) Based on NNNAV and recurring EPS: based on net recurring consolidated income in accordance with IFRS principles		Total Shareholder Return (TSR) Based on NNNAV and recurring EPS: based on net recuring consolidated income in accordance with IFRS principles	
Shares initially allocated	**47,062**	**9,599**	**74,159**	**15,181**	**79,990**	**16,998**
Shares cancelled at 31/12/2019	-2,399	-	-4,351	-	-33,405	-
Discount for performance shares in 2019	-	-	-2,934	-	-6,295	-
Shares vested in 2019	-44,663	-9,599	-66,874	-15,181	-21,151	-
OUTSTANDING SHARES AT 31 DECEMBER 2019	**0**	**0**	**0**	**0**	**19,139**	**16,998**

(1) Number of shares allocated post-merger, applying merger parity.
(2) President and Chief Operating Officers.

Summary of the plans	Plan n°4 France	Plan n°4 Abroad	Plan n°5 France	Plan n°5 Abroad	Plan n°6 France	Plan n°6 Abroad
Date of General Meeting	16/05/2018		16/05/2018		16/05/2019	
Date of grant	16/05/2018		24/10/2018		16/05/2019	
End of vesting period	Tranche 1 – 20% : 16/05/2019 Tranche 2 – 20% : 16/05/2020 Tranche 3 – 60% : 16/05/2021		Tranche 1 – 20% : 24/10/2019 Tranche 2 – 20% : 24/10/2020 Tranche 3 – 60% : 24/10/2021		Tranche 1 – 20%: 16/05/2020 Tranche 2 – 20%: 16/05/2021 Tranche 3 – 60%: 16/05/2022	
End of holding period	16/05/2021		24/10/2021		16/05/2022	
Continued employment condition	The employment will influence the conversion ratio of B shares into A shares, by tranches as described over the acquisition period.		The employment will influence the conversion ratio of B shares into A shares, by tranches as described over the acquisition period.		The employment will influence the conversion ratio of B shares into A shares, by tranches as described over the acquisition period.	
Performance condition	Changes in the NAV as compared to a panel Recurring EPS: CAGR Changes in the share price		Changes in the NAV as compared to a panel Recurring EPS: CAGR Changes in the share price		Changes in the NAV as compared to a panel Recurring EPS: CAGR Changes in the share price	
Shares initially allocated	**108,888**	**16,858**	**7,537**	**0**	**144,906**	
Shares cancelled at 31/12/2019	-13,135		-	-	-4,100	
Discount for performance shares in 2019			-	-		
Shares vested in 2019			-	-		
OUTSTANDING SHARES AT 31 DECEMBER 2019	**95,753**	**16,858**	**7,537**	**0**	**140,806**	

Note 5.3 Financial indebtedness

(in thousands of euros)	31/12/2018	31/12/2019	Maturing in less than 1 year	Maturing in 1 to 5 years	Maturing in over 5 years
Bonds	1,550,000	1,600,000		1,200,000	400,000
Borrrowings from lending institutions	801,597	694,378	6,777	687,601	
Accrued interest on loans	14,464	14,644	14,644		
Commercial paper	70,000	146,000	146,000		
Security deposits	2	3		3	
FINANCIAL INDEBTEDNESS	**2,436,064**	**2,455,025**	**167,422**	**1,887,606**	**400,000**

At 31 December 2019, gross financial debt stood at €2,455 million. It is made up of two main components:

- €1,600 million in bonds; and
- €670 million in a syndicated bank loan.

At 31 December 2019, the Company has also drawn €146 million of its commercial paper programme which has maximum amount of €600 million.

Note 5.3.1 Bonds

Carmila has issued four bonds, in 2015, 2016, 2018 and 2019, for a total amount of €1,600 million. On 10 September 2015, Carmila issued a bond for a nominal amount of €600 million, for a net consideration received on 18 September 2015 of €593,034 thousand after deducting the issue premium and bank commissions. This bond was issued for an eight-year term maturing on 18 September 2023 with a coupon of 2.375% per annum. Carmila issued a second bond for a notional value of €600 million, dated 24 March 2016. After the issue premium and bank commissions were deducted, Carmila received €592,998 thousand. This bond matures on 16 September 2024 and bears a coupon of 2.375% per annum.

In 2018, the company issued, on February 28, a 10-year bond for a nominal value of €350 million, with a 2.125% per annum coupon. The net consideration, received on 7 March 2018, amounted to €347,767 thousand after deduction of the issue premium and the issuance costs.

Lastly, in 2019, the company issued a private placement under its Euro Medium Term Note (EMTN) programme for an amount of €50 million with a coupon of 1.89% and a 12 year tenor. It received €49,787 thousand on 6 November 2019 after deduction of bank charges and fees.

Note 5.3.2 Bank loan

It should be recalled that, on 15 December 2013, Carmila and a pool of banks signed a five-year loan agreement for a total amount of €1,400 million, comprising a €1,050 million A Tranche, used to partially fund the acquisition of investment properties from the Klépierre group, and a five-year revolving credit facility (RCF) of €350 million. Facility A was fully drawn down in 2014. An amendment to this agreement was signed on 30 July 2015, extending the maturity to 30 July, 2020, with the option of two further one-year extensions. The first extension, requested in 2016, extended the maturity date to 30 July 2021.

Another amendment was signed to this syndicated loan agreement on 16 June 2017. The drawdown amount was adjusted to €770 million and the revolving credit facility was cancelled. The maturity date of this loan agreement was extended by five years to 16 June 2022.

Following an initial one-year extension in 2018, in May 2019 the maturity of the syndicated loan was once again extended by one year, to 16 June 2024. In December 2019, Carmila repaid €100 million of the syndicated loan, bringing the outstanding principal to €670 million.

In June 2017, at the same time as the merger with Cardety, Carmila set up two confirmed revolving credit facilities with two bank syndicates. The first facility amounts to €759 million initially maturing in June 2022, and extended to June 2024 during the year. The second facility amounts to €250 million and matures in June 2020.

Moreover, the Borrowings from lending institutions item includes an adjustment resulting from the contribution at market value of financial liabilities at 31 December 2016 upon the merger with Cardety, both in terms of bonds and derivative instruments. This €45,947 thousand adjustment will be recognised as income over the period covered by the related underlying debt or derivative instruments After an amortisation of €7,218 thousand in 2019, the remaining balance to be amortised amounts to €24,378 thousand.

Note 5.3.3 Interest-rate risk management

The Company is exposed to interest rate risk on its variable-rate borrowings. The aim of the interest-rate risk management policy in place is to limit the impact of changes in interest rates in the income statements and on the current and future cash flows using interest rate derivative instruments such as caps, swaps or swaptions.

The fixed-rate position stood at 82% of gross debt at 31 December 2019, versus 87% at 31 December 2018. The position includes fixed-rate payer swaps and a cap for respective notional amounts of €385 million and €100 million.

During the year, certain swaps nearing maturity were unwound and led to paying breakage costs of €6,582 thousand in order to increase the variable rate portion of the debt. For the remaining hedging instruments in the portfolio at 31 December 2019, their fair value stood at -€26,615 thousand at that date. As an example, a 0.50% increase in rates would result in a fair value of the hedging instruments of -€12,911 thousand. Conversely, a 0.50% fall in the rates would lead to a fair value of -€40,324 thousand.

Note 5.4 Trade and other payables

(in thousands of euros)	Gross value at 31/12/2018	Gross value at 31/12/2019	Maturing in less than 1 year	Maturing in 1 to 5 years	Maturing in over 5 years
Trade payables	694	50	50		
Trade payable accruals	4,090	3,807	3,807		
TOTAL TRADE AND OTHER ACCOUNTS PAYABLE	**4,784**	**3,856**	**3,856**		

This item is mostly comprised of invoices for overheads yet to be received (€3,807 thousand).

Note 5.5 Tax and payroll payables

(in thousands of euros)	31/12/2019	31/12/2018
Payroll expenses	402	550
Tax liabilities	409	413
TAX AND PAYROLL PAYABLES	**812**	**963**

Note 5.6 Other payables

(in thousands of euros)	31/12/2019	31/12/2018
Fixed asset supplier payables	2,039	6,466
Other payables	1,511	1,437
TOTAL	**3,550**	**7,903**

Fixed asset supplier payables mainly comprise accruals for invoices yet to be received from ongoing development projects transferred to Carmila France and Carmila Saran in the course of 2018. They amount to €2,017 thousand and were incorporated in the value of the assets contributed.

Note 6 Notes to the income statement

Note 6.1 Operating income

Revenues for 2018 are primarily made up of the rental income from properties owned by Carmila during part of 2018 but contributed to other group subsidiaries during the course of that same year. There were no such revenues in 2019.

Other income comprises the re-invoicing of a part of the management costs borne by the holding company in the interests of the subsidiaries as a whole and, in 2018, re-invoicing of rental charges to tenants.

Note 6.1.1 Other purchases and external expenses

(in thousands of euros)	31/12/2019	31/12/2018
Purchases and subcontracting	-1,399	-1,421
Wages	0	-550
Payroll social charges and taxes	0	0
Fees	-2,493	-2,682
Bank services	-220	-1,874
Other	-187	-726
PURCHASES AND OPERATING EXPENSES	**-4,300**	**-7,253**

Fees mainly comprise legal and auditing fees, along with financial communication fees incurred as required since the company's listing in June 2017.

Note 6.1.2 Taxes

(in thousands of euros)	31/12/2019	31/12/2018
Waste removal tax	-1	-83
Property tax	13	-425
Value-added contribution	-0	0
Miscellaneous taxes	-3	-35
TAXES	**9**	**-543**

Note 6.1.3 Depreciation, amortisation and provisions

For allowances for contingencies and liabilities, see Section 5.2 "Contingencies, provisions and impairment of assets".

Note 6.2 Net financial income/expense

(in thousands of euros)	31/12/2019	31/12/2018
Financial income	**86,301**	**94,593**
Dividends received	30,339	42,400
Interest on loans to subsidiaries	40,704	38,725
Other interest income	7,278	9,706
Reversal of impairment and provisions on financial assets	7,980	3,762
Financial expenses and allowances	**-63,078**	**-63,098**
Allowance for impairment and provisions for financial assets	-1,377	-8,030
Interest expense	-60,194	-51,694
Share of loss in partnerships	-5	-2
Expenses on disposals of treasury shares	-471	-3,292
Loss on sale of marketable securities	-1,033	-208
Interest on commercial paper		128
NET FINANCIAL INCOME/(LOSS)	**23,223**	**31,495**

Financial income consists primarily of dividends received from subsidiaries in the amount of €30,339 thousand and interest income received on loans to subsidiaries of €40,704 thousand.

Other interest income mainly relates to the reversal as a profit of the debt adjustment of the Company merged in 2017 as described above in 3.8.

Reversals of depreciation, amortisation and provisions take account of the reversals of provisions for marketable securities held for short-term investment, for treasury shares, for equity holdings in Almia Management and for other financial liabilities. The main reversals of provisions that are no longer required in 2019 had been accrued by way of the depreciation, amortisation and provisions line item in 2018. In 2019, this line item comprised exclusively the amortisation of the issue premium on the bonds of €1,377 thousand.

Interest expense includes €36,160 thousand in interest on the four bonds, €6,244 thousand in interest on borrowings from lending institutions and interest on swaps for -€7,740 thousand as well as €6,582 thousand of swap breakage costs. Lastly, this item includes the non-utilisation fee on undrawn credit lines.

Note 6.3 Extraordinary income/loss

(in thousands of euros)	31/12/2019	31/12/2018
Extraordinary income	**1,740**	**228,378**
Income from asset disposals	0	228,281
Other extraordinary income	1,740	97
Extraordinary expenses	**636**	**187,340**
Book value of asset disposals	0	186,998
Other extraordinary expenses	636	342
EXTRAORDINARY PROFIT/(LOSS)	**1,104**	**41,038**

In 2018, the income from disposals and the book value of these disposals relate to the successive contributions of 15 shopping centres to Carmila France on 30 April 2018, followed by the Cap Saran retail park contribution on 1 October 2018. These two transfers led to the recording of a capital gain of €26,512 thousand and of €14,770 thousand respectively. Certain provisions concerning works or passed liabilities which were not transferred since they were included in the fair value of the asset contributed were analysed in depth and were judged to be groundless for an amount of €1,740 thousand. Lastly net losses on the sale of treasury shares related to the liquidity contract amounted to €636 thousand.

Note 6.4 Corporate income tax

The €372 thousand income tax expense reported relates to the withholding tax on the interest paid by Carmila Holding Italia SRL to Carmila SA.

Note 7 Notes on off-balance sheet commitments

Note 7.1 Commitments given

At 31 December 2019, the Credit agreement for a total initial amount of €770 million in principal, with a balance of €670 million, and the committed Revolving Credit Facilities of €759 million and €250 million agreed between the Company and a syndicate of lending banks, are subject to compliance with the following covenants drawn from the Company's consolidated financial statements:

- Interest Cover: the ratio of EBITDA to the net cost of debt must be greater than 2 at test date;
- Loan to Value: the ratio of consolidated net financial debt to the fair value of investment properties, including transfer taxes, may not exceed 55% on the same date (although for one semi-annual measurement, the ratio may reach a maximum of 60%);
- Security interests granted may not exceed 20% of the total fair value of the investment properties;
- and the total value of invested properties may not be less than €2,500,000 thousand.

Failure to comply with these covenants entitles the lenders to demand early repayment of the facilities.

At 31 December the Company complied with all the applicable covenants.

Note 7.2 Commitments received

The Company has €1,009 million in undrawn committed facilities (revolving credit facilities), which are available under the terms of two credit facility agreements entered into on 16 June 2017. The maturity of the first agreement, for €759 million, was extended in 2019 to June 2024, and that of the second agreement, for €250 million, is June 2020.

Note 7.3 Reciprocal commitments

The Group's interest rate hedging policy uses swaps to hedge over time against higher interest rates on its floating-rate debt. On an outstanding amount of €816 million in floating-rate debt at 31 December 2019, the company has €385 million in swaps. It also has €100 million in.

NOTIONAL OUTSTANDING AMOUNTS ON DERIVATIVE INSTRUMENTS ON THE CLOSING DATE BY MATURITY

(in millions of euros)	31/12/2019	less than 1 year	from 1 to 5 years	over 5 years
Carmila pays a fixed rate (interest rate swap)				
against Euribor 3M/set quarterly/360	**385**		60	325
Purchase of interest rate options (caps/floor/collars)				
Oustanding	**100**		100	

FAIR VALUE OF DERIVATIVE INSTRUMENTS ON THE CLOSING DATE

(in millions of euros)	31/12/2019
Carmila pays a fixed rate (interest rate swap) *(in millions of euros)*	**-26.6**
against Euribor 3M/set quarterly/360	-26.8
Purchase of interest rate options (cap)	**0.2**

Note 8 Notes to the statutory financial statements – related party transactions

CARMILA S.A. WITH ITS SUBSIDIARY CARMILA FRANCE AND ALMIA MANAGEMENT *(in thousand euros)*

Assets		Liabilities
Financial fixed-assets	3,897,463	Financial debts
Accounts receivables		Trade accounts payable
		Other debts

Expenses		Income	
Operating expenses	**10**	**Operating income**	**1,126**
Commercialisation fees	10	Re-invoicing payroll	1,126
Financial expenses	**17**	**Financial income**	**52,264**
		Dividends	30,063
		Loan interest	22,201

CARMILA S.A. WITH ITS SUBSIDIARIES CARMILA ESPAÑA AND OTHER SUBSIDIARIES HELD AT 100% *(in thousand euros)*

Assets		Liabilities
Financial fixed-assets	1,130,155	Financial debts
Accounts receivables	3,318	Trade accounts payable
		Other debts

Expenses		Income	
Operating expenses		**Operating income**	
Financial expenses		**Financial income**	**14,773**
		Loan interest	14,773

CARMILA S.A. WITH THE COMPANY AS CANCELAS HELD AT 50% *(in thousand euros)*

Assets		Liabilities
Financial fixed-assets	57,531	Financial debts
Accounts receivables	13	Trade accounts payable
		Other debts

Expenses		Income	
Operating expenses		**Operating income**	
Financial expenses		**Financial income**	**13**
		Loan interest	13

CARMILA S.A. WITH ITS SUBSIDIARY CARMILA ITALIA *(in thousand euros)*

Assets		Liabilities
Financial fixed-assets	105,000	Financial debts
Accounts receivables	2,441	Trade accounts payable
		Other debts

Expenses		Income	
Operating expenses		**Operating income**	
Financial expenses		**Financial income**	**3 718**
		Loan interest	3 718

Note 9 Other information

Note 9.1 Cash pooling

The Carmila Group's cash in France is pooled, with Carmila SA managing the cash pool.

Note 9.2 Headcount

Carmila SA has no staff.

Note 9.3 Compensation of corporate officers

Directors receive Directors' fees. The expense with respect to 2019 was €306 thousand. Moreover, two corporate officers were seconded by Carrefour Management and Carrefour Hypermarchés with the cost of the seconded staff being billed.

Note 9.4 Subsequent events

None.

Note 10 Information on consolidation

Carmila SA is the ultimate parent entity of the Carmila Group and prepares the Group's consolidated financial statements.

7.4 Management report to shareholders

7.4.1 Key highlights for the year

The 2018 financial year, the first full year of the entity merged in 2017 between Carmila and Cardety, was marked by the contribution of the real estate activities managed by Carmila to two operational subsidiaries of the Carmila Group. In 2019, Carmila strengthened its role as the Group's holding company with the acquisition of its Spanish subsidiaries and adapted its financing structure accordingly.

With the prospect of its Spanish subsidiaries opting for the SOCIMI tax regime, Carmila adjusted the Group's legal structure in Spain. Under this regime, a company owned by a company listed on a European stock exchange outside Spain cannot hold equity interests. To comply with this condition, Carmila acquired the real estate subsidiaries held by Carmila España as well as the 50% stake in As Cancelas, which operates the Santiago site. The acquisitions were made in December for a total amount of €290,234,858 and relate to:

- 37,403,000 shares in Carmila Mallorca representing 100% of the capital of the company that operates FAN shopping centre in Palma de Mallorca;
- 20,003,000 shares in Carmila Huelva representing 100% of the capital of the company that manages the Olea shopping centre in Huelva in the south;
- 4,003,000 shares in Carmila Talavera, representing 100% of the capital of the company that operates the Talavera shopping centre, some 100 km southeast of Madrid;

15,788,000 shares of Carmila Puerto representing 100% of the capital of the company that manages the El Paseo shopping centre in Puerto, near Cadiz;

- 26,161,000 shares in Carmila Cordoba representing 100% of the capital of the company that operates the La Sierra shopping centre in Cordoba, Andalusia;
- 450,000 shares in As Cancelas Siglo XXI, representing 50% of the capital of the company that manages the Siglo XXI shopping centre in Santiago de Compostela.

In addition, Carmila took over shareholder loans granted by Carmila España to its subsidiaries for a total amount of €147,200,000. All of Carmila's transactions conducted directly or indirectly with Carmila España enabled the latter to repay €400 million of the shareholder loan it had received from its parent company, Carmila, reducing the shareholder loan at 31 December 2019 to €335 million.

A second highlight of 2019 was the private placement carried out under the EMTN programme for an amount of €1.5 billion, which was approved by the AMF in July 2019. In order to finance its growth with long-term financial resources, a private placement was made with a single investor for an amount of €50 million and a term of 12 years, maturing in November 2031, with a coupon of 1.89%.

7.4.2 Activity and earnings

During 2018, Carmila SA terminated its direct operational real estate management activities through the contribution of its assets to wholly owned subsidiaries. The 2018 income statement reflects this activity for part of the year. Following these contributions and during 2019, Carmila turned its focus to its operations as a holding and management company for equity interests it holds in France and abroad.

7.4.2.1 Operating income

Operating income includes almost exclusively the invoicing of management services rebilled to subsidiaries within the Carmila Group.

7.4.2.2 Operating expenses

In 2019, operating expenses which declined sharply, correspond to costs of the holding company, including, on the one hand, the costs of seconded personnel and, on the other, overheads. Part of the costs of seconded personnel are rebilled within the Carmila Group. Overheads include costs relating to the company's listing on Euronext Paris Compartment A, with the organisation of financial communication events, fees paid to institutional bodies or fees for legal counsel, rating agencies, statutory auditors and banking services.

7.4.2.3 Net financial income/(expense)

Financial income includes:

- interest charged on shareholder loans and current accounts granted to subsidiaries in the amount of €40,704 thousand;
- dividends received from subsidiaries. Carmila France paid a dividend of €30,062 thousand during the year;
- an accounting liability recognised through the income statement corresponding to the revaluation at market value of the debt and derivatives contributed in connection with the merger in June 2017, resulting in an increase in the contributed liability. This increase will not result in any outflow of funds and is recognised through the income statement for the remaining term of the underlying debt. Thus, an income of €7,278 thousand was recognised in this respect for the 2019 financial year;
- €7,980 thousand in reversals of provisions, including a reversal of a provision for financial risk and a reversal of a provision for marketable securities.

Financial expenses include:

- interest on bonds and debt with lending institutions and hedging instruments in an amount of €50,144 thousand. Compared to 2018, the sharp increase is mainly due to the financial expense incurred over the period as a result of the breakage costs of unwinding of swaps in the amount of €6,582 thousand;
- charges on sales of marketable securities of €1,033 thousand should be assessed in relation to a reversal of a provision of €3,046 thousand recorded in financial income, as the overall performance of these instruments is close to what an investment in a money-market fund paying interest on the basis of the Eonia rate yield.

In view of the dividends received from Carmila France, net financial income stands at €23,223 thousand.

7.4.2.4 Extraordinary profit/(loss)

Extraordinary profit/loss includes a cancellation of a provision for invoices yet to be received relating to assets contributed in 2018.

Net income for the financial year amounts to a profit of €19,929 thousand.

7.4.3 Information on payables and receivables

As a result of the contribution of operating assets to its subsidiaries in 2018, there are no longer any revenues. Only the rebilling of expenses generates revenue and at 31 December 2019 all receivables had been settled.

With regard to suppliers, the payable balances of the balance sheet almost exclusively include accruals for invoices not yet received. There were 13 supplier invoices included in the accounts at 31 December 2019 and the debt due in less than one month amounts to -€24 thousand, this being a credit note. The 12 other invoices are more than 90 days overdue and represent €44 thousand, or 0.0004% of purchases including all taxes for the year.

7.4.4 Equity interests

As indicated in the Highlights above, in 2019 Carmila acquired five wholly-owned Spanish real estate subsidiaries and a stake in a Spanish joint venture with a 50% partner. Each of these companies owns the premises of a shopping centre and manages its assets. Operationally, the organisation will remain the same gong forward. Carmila España's teams will continue to ensure the marketing, management and maintenance of these centres. The shopping centres owned by these companies are as follows:

- Carmila Palma owns the FAN shopping centre in Palma de Mallorca, which was significantly expanded in 2016 to represent 104 units over 38,141 sqm of leasable area;
- The Oléa shopping centre located in Huelva in Andalusia and owned by Carmila Huelva, was expanded and transformed in 2013, it now covers 34,036 sqm of leasable area for its 93 units;
- Carmila Talavera owns the premises of the Los Alfares shopping centre in Talavera, which was built in 2005 and covers 20,506 sqm with 53 units;
- Carmila Cordoba's asset is the La Sierra shopping centre in Cordoba, bought in 2018 from the Pradera group, which is developing its activity on 17,611 sqm of leasable area;
- Carmila Puerto owns the El Paseo shopping centre near Cadiz, also acquired from the Pradera Group in 2018 and covering 10,454 sqm.

Finally, As Cancelas owns a shopping centre located in Santiago de Compostela, which covers 25,000 sqm.

7.4.5 Net income allocation

Shareholders will be asked at the Shareholders' Meeting to be held on 14 May 2020 to approve the allocation of net income as follows:

Net income for the financial year	€19,929,792.82
Prior period unallocated income	€97,951.98
Distributable profit	€20,027,744.80
Allowance to legal reserve	-€996,489.64
Distribution paid out of distributable income	-€19,031,255.16

Balance of unallocated income after allocation	€0.00

The total amount of the proposed dividend distribution for 2019 will be €1.50 per share and breaks down as follows:

Distribution paid out of distributable income	€19,031,255.16
Distribution paid out of the merger premium	€185,811,287.34

Total dividend distribution from which the dividends on treasury shares will be deducted	€204,842,542,50

Pursuant to legal disclosure requirements, dividends distributed in respect of the last three financial years were *(in euros/share)*:

Year	Euros/share
2016	1.88
2017	1.50
2018	1.50

7.4.6 Earnings for the last five financial years

The table of earnings for the last five financial years is as follows:

	31/12/2019	31/12/2018	31/12/2017	31/12/2016	31/12/2015
SHARE CAPITAL AT YEAR-END					
Share capital[1]	€820,091,058	€819,370,170	€810,360,174	€25,900,068	€15,938,508
No. of existing ordinary shares	136,561,695	136,561,695	135,060,029	4,316,678	2,656,418
OPERATIONS & RESULTS					
Turnover excluding VAT	€4,000	€5,237,070	€7,095,000	€5,964,433	€4,305,178
Earnings before income tax, profit-sharing scheme and allowance for depreciation, amortisation, and provisions	€20,361,824	€72,324,927	€36,129,000	€3,971,538	€6,117,931
Income tax	€371,753	€394,234	€257,000	-€148,753	-€804,481
Employee participation	-	-	-	-	-
Earnings after income tax, profit-sharing scheme and allowance for depreciation, amortisation, and provisions	€19,929,793	€69,817,496	€21,443,000	€648,016	€2,794,241
Amount distributed[2] :					
• of which net income for the period:	€19,031,255.16	€66,336,621.27	€20,371,290.90	€615,604.66	€6,561,350.56
• of which retained earnings:	-	-	€12 774,60	€7,161,187.57	-
• of which issuance premium:	-	-	-	€338,562.41	-
• of which merger premium:	€185,811,287.34	€138,515,921.23	€182,205,978.00	-	-
EARNINGS PER SHARE					
Earnings after tax, employee participation, but before depreciation, amortisation and provisions	€0.15	€0.53	€0.20	€0.89	€2.00
Earnings after income tax, profit-sharing scheme and allowance for depreciation, amortisation, and provisions	€0.15	€0.51	€0.16	€0.15	€1.05
Amount distributed per share[2]:					
• of which net income for the period:	€0.14	€0.49	€0.15	€0.14	€0.65
• of which retained earnings:	-	-	€0,00	€1.66	€0.87
• of which issuance premium:	-	-	-	€0.08	-
• of which merger premium:	€1.36	€1.01	€1.35	-	-
STAFF					
Average staff during the year	-	-	-	1.17	-
Amount of payroll for the year	€1,290,338	€1,000,232	€826,000	€263,654	-
Amount paid for social benefits	-	-	-	€6,876	-

(1) The share capital has increased following the creation of the B Shares issued under the free share plans, issued with a par value of €6.
(2) Regarding the 2019 financial year, will be submitted for approval to the Ordinary Shareholders' Meeting.

7.5 Statutory Auditors' report on the financial statements

For the year ended 31 December 2019

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information specifically required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and, construed in accordance with French law and professional auditing standards applicable in France.

To the Carmila S.A. Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying statutory financial statements of Carmila S.A. for the year ended 31 December 2019.

In our opinion, the statutory financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2019 and of the results of its operations for the year then ended in accordance with accounting rules and principles applicable in France.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2019 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) no. 537/2014 or in the French Code of ethics for statutory auditors.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period, as well as how we addressed those risks.

These assessments were addressed in the context of the statutory financial statements taken as a whole, and, in forming our opinion thereon, and we do not provide a separate opinion on specific items of the statutory financial statements.

Key Audit Matters	Responses as part of our audit
Valuation of investments (Notes 3.2.3. and 4.2 to the statutory financial statements) As of 31 December 2019, investments are recorded in the balance sheet at a net carrying amount of €3 449 million and represent 63 % of total assets. As indicated in Note 3.2.3 to the statutory financial statements, they are recorded as of their entry date at acquisition cost and impaired when their book value is less than their acquisition cost. The book value corresponds to the value in use, determined by taking into consideration revalued equity. Revalued equity of real estate companies is estimated based on valuations of investment property carried out by independent experts who take into account specific information about the assets as well as market returns. The valuation of investments is considered to be a key audit matter due to the importance: • of this account heading compared to total assets, • of the use of judgments by Management and independent experts to determine the fair value of investment property, • the complexity of the methods used to assess these fair values, • the sensitivity of these fair values to assumptions adopted by the experts.	To assess the reasonableness of the value in use estimates of investments, based on the information communicated to us, our work mainly consisted in: • verifying that the estimate of these values in use made by Management is based on an appropriate valuation method; • check the calculation of the share of revalued equity which takes into account in particular unrealized gains or losses on investment properties; • compare the acquisition values of the securities with their value in use. The procedures that we have performed on investment property, and that was also carried out by auditors of the components, under our management and supervision, has mainly consisted in: • conducting interviews with independent appraisers and Management to assess the pertinence of the valuation methodology and assumptions used; • assessing the competence, independence and objectivity of the external appraisers of the Carmila group, in particular with regards to their reputation and by verifying the certificate of independence issued by the expert included as a statement in it report; • analyzing the changes in fair value of each investment property and assessing the basis with respect to market changes and the rental situation of the building; • verifying that the fair value methods used are in line with market practices, and assess by sampling the consistency with the market data of the valuation assumptions used by the independent experts, particularly the rates of return and the market rental values; • corroborating by sampling the main information provided by the company to independent experts with rental statements and investments. We also assessed the appropriateness of disclosures in Note 3.2.3. and 4.2 to the financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

Information given in the management report and in the other documents addressed to shareholders with respect to the financial position and the statutory financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents addressed to shareholders with respect to the financial position and the financial statements.

We attest to the fair presentation and consistency with the statutory financial statements of disclosures relating to the payment period required by Article D. 441-4 of the French Commercial Code (Code de commerce).

Report on corporate governance

We attest that the Board of Directors' report on corporate governance contains the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (Code de commerce).

Concerning the information presented in accordance with the requirements of Article L.225-37-3 of the French Commercial Code (Code de commerce) relating to remuneration and benefits received or allowed by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled companies which are included in the scope of consolidation. Based on this work, we attest the accuracy and fair presentation of this information.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Carmila S.A. by the Shareholders' Meeting of 25 June 2010 for KPMG and 25 June 2009 for Deloitte & Associés.

As at 31 December 2019, KPMG was in its 10th year of uninterrupted engagement and Deloitte & Associés in its 11th year of uninterrupted engagement, and respectively 10 and 11 years since the securities were admitted to trading on a regulated market.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the statutory financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements have been approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objective and audit approach

Our role is to issue a report on the statutory financial statements. Our objective is to obtain reasonable assurance about whether the statutory financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified by Article L.823-10-1 of the French Commercial Code (Code de commerce), the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company's management has conducted or will conduct the affairs of the entity.

As part of an audit in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion; The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;

- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If we conclude that a material uncertainty exists, we draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, we modify our opinion;
- evaluates the overall presentation of the statutory financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also bring to its attention any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Paris-La Défense, 14 February 2020

The Statutory Auditors

KPMG S.A.

French original signed

Éric Ropert
Partner

Adrien Johner
Partner

Deloitte & Associés

French original signed

Stéphane Rimbeuf
Partner

7.6 Statutory Auditors' special report on regulated agreements and commitments

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2019

This is a free translation into English of the Statutory Auditors' special report on regulated agreements that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code (Code de Commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Carmila S.A. Shareholders' Meeting,

In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Shareholders' Meeting, if any.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements submitted to the approval of the shareholders' meeting

Agreements authorized and entered into during the year

Pursuant to Article L. 225-40 of the French Commercial Code, the following agreement, entered into during the year and previously authorized by the Board of Directors, has been brought to our attention.

Agreement with Carrefour Management relating to the secondment of Alexandre de Palmas

Person concerned

CRFP 13 (company indirectly controlled by Carrefour SA, as is Carrefour France), a shareholder holding more than 10% of the voting rights of the Company.

Nature and purpose

The Board of Directors' meeting of June 26, 2019 authorized the conclusion of an agreement with Carrefour France relating to the secondment of Alexandre de Palmas.

Terms and conditions

On July 1, 2019, Carmila SA and Carrefour France entered into a three-year partial secondment agreement, under which Alexandre de Palmas, an employee of Carrefour France, will carry out operational tasks for the Company, for a portion of his activity, evaluated at half the time he devotes to all his duties.

During the secondment period, the Company will repay to Carrefour France half the remuneration paid to Alexandre de Palmas, the related social security contributions, vacation pay and the business expenses reimbursed with respect to the secondment. Considering that Alexandre de Palmas's objectives will include, throughout the secondment period, components related to his various duties and performance with the Company, the reimbursed wages will include the variable annual compensation attributed to Alexandre de Palmas in this respect.

Under this agreement, the Company repaid €212,471 excluding taxes in respect of fiscal year 2019.

Reasons justifying the agreement is in the Company's interest

In the Board of Directors' opinion, it was in the Company's interest to enter into this agreement to enable the Company to benefit from Alexandre de Palmas' expertise, experience and knowledge.

Agreements and commitments previously approved by shareholders' meetings

Agreements approved in previous years

a) with continuing effect during the year

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements, previously approved by shareholders' meetings of prior years, had continuing effect during the year.

Secondment agreement covering Jacques Ehrmann

Person concerned

CRFP 13 (company indirectly controlled by Carrefour SA), a shareholder holding more than 10% of the voting rights of the Company.

Nature and purpose

At its meeting of March 31, 2017, the Board of Directors of Carmila SAS authorized a new agreement covering the secondment of Jacques Ehrmann.

As part of the merger-absorption of Carmila SAS by the Company on June 12, 2017, the Company assumed the rights and obligations of Carmila SAS with respect to the partial secondment agreement concluded with Carrefour SA and covering Jacques Ehrmann. The remuneration of Jacques Ehrmann, as Chairman and Chief Executive Officer, was approved by the Company's Shareholders' Meeting on June 12, 2017.

Terms and conditions

On April 12, 2017, Carmila SAS and Carrefour SA entered into a four-year partial secondment agreement, under which Jacques Ehrmann, an employee of Carrefour, is seconded to Carmila SAS and then the Company by Carrefour SA for a portion of his activity, evaluated at half the time he devotes to all his duties.

During the secondment period, the Company will repay to Carrefour SA half the remuneration paid to Jacques Ehrmann, the related social security contributions and the business expenses reimbursed with respect to the secondment. Considering that Jacques Ehrmann's objectives will include, throughout the secondment period, components relating to his duties and performance with the Company, the reimbursed wages will include the variable annual remuneration attributed to Jacques Ehrmann in this respect.

Under this agreement, the Company repaid €840,788 excluding taxes for fiscal year 2019.

This agreement terminated on the effective date of Jacques Ehrmann's departure from the Company, i.e. June 30, 2019.

Amendment to the Renovation and Development Agreement with Carrefour SA

Person concerned

CRFP 13 (company indirectly controlled by Carrefour SA), a shareholder holding more than 10% of the voting rights of the Company.

Nature and purpose

The Carmila SAS Board of Directors' meeting of March 31, 2017 authorized the conclusion of an amendment to the Renovation and Development Agreement entered into between Carmila SAS and Carrefour SA on April 16, 2014. The Carmila SAS Shareholders' Meeting of June 12, 2017 approved this amendment.

As part of the merger-absorption of Carmila SAS by the Company on June 12, 2017, the Company assumed the rights and obligations of Carmila SAS with respect to the Renovation and Development Agreement entered into with Carrefour SA.

Terms and conditions

Wishing to implement a strategy designed to boost the appeal of shopping centers and optimize their value, Carmila SAS and Carrefour SA (acting in their own name and in the name and on behalf of their subsidiaries) entered into a renovation and development agreement on April 16, 2014 (the "Renovation and Development Agreement").

On May 3, 2017, Carmila SAS and Carrefour amended the Renovation and Development Agreement in order to:

- incorporate the new assets acquired by the Carmila group in France, Italy and Spain since April 16, 2014 within the scope of assets covered by the Renovation and Development Agreement; and
- incorporate the assets held by the Company and the principles applicable to the development and renovation transactions relating to these assets into the Renovation and Development Agreement and extend the initial term of the Renovation and Development Agreement until December 31, 2027.

No new project acquisition contract was signed under this agreement in fiscal 2019, the contracts signed in previous years remaining in effect.

Service agreement with Carrefour SA

Person concerned

CRFP 13 (company indirectly controlled by Carrefour SA), a shareholder holding more than 10% of the voting rights of the Company.

Nature and purpose and terms and conditions

On April 16, 2014, Carmila SAS and Carrefour SA entered into a five-year service agreement under which Carrefour SA provides Carmila SAS with the expertise and resources necessary to assist it with accounting, tax consolidation and legal monitoring, for a fee of €62,000 per calendar year excluding taxes.

On May 17, 2017, Carmila SAS and Carrefour SA amended this agreement, in order to (i) increase the annual overall fees to €102,000 per calendar year excluding taxes, and (ii) extend the initial term of the agreement to December 31, 2020.

As part of the merger-absorption of Carmila SAS by the Company on June 12, 2017, the Company assumed the rights and obligations of Carmila SAS with respect to a services agreement entered into with Carrefour SA.

Under this agreement, the Company set aside a provision of €62,000 excluding taxes for fiscal year 2019.

Agreement with Carrefour Management relating to the secondment of Sébastien Vanhoove

Person concerned

CRFP 13 (company indirectly controlled by Carrefour SA, as is Carrefour Management), a shareholder holding more than 10% of the voting rights of the Company.

Nature and purpose

The Board of Directors' meeting of July 27, 2018 authorized the conclusion of an agreement with Carrefour Management relating to the secondment of Sébastien Vanhoove.

Terms and conditions

On August 1, 2018, Carmila SA and Carrefour Management entered into a four-year partial secondment agreement, under which Sébastien Vanhoove, an employee of Carrefour Management, will carry out operational tasks for the Company, for a portion of his activity, evaluated at half the time he devotes to all his duties.

During the secondment period, the Company will repay to Carrefour Management half the remuneration paid to Sébastien Vanhoove, the related social security contributions, vacation pay and the business expenses reimbursed with respect to the secondment. Considering that Sébastien Vanhoove's objectives will include, throughout the secondment period, components related to his various duties and performance with the Company, the reimbursed wages will include the variable annual compensation attributed to Sébastien Vanhoove in this respect.

Under this agreement, the Company repaid €275,938 excluding taxes in respect of fiscal year 2019.

b) With no continuing effect during the year

Furthermore, we have been informed that the following agreement, previously approved by shareholders' meetings of prior years, had no continuing effect during the year.

Lease and asset management agreement with Carrefour Property Gestion

Person concerned

CRFP 13 (company fully controlled by Carrefour SA, as is Carrefour Property Gestion), a shareholder holding more than 10% of the voting rights of the Company.

Nature and object

The Board of Directors' meeting of March 31, 2017 authorized the signature of a lease and asset management agreement covering all the Company's real estate properties which it owns or which it occupies pursuant to a construction or emphyteutic lease.

Terms and conditions

The exclusive lease and asset management agreement, dated May 17, 2017, sets out the terms and conditions of the lease and asset management of real estate properties entrusted to Carrefour Property Gestion. It was entered into for the period from June 12, 2017 to December 31, 2020 for a fixed remuneration equal to 3.5% of net annual rent invoiced and collected, excluding charges and insurance.

As the Company no longer owns any real estate properties, no lease or asset management service was invoiced to the Company in respect of fiscal year 2019.

Paris-La Défense, February 21, 2020
The Statutory Auditors

KPMG S.A.

Éric Ropert
Partner

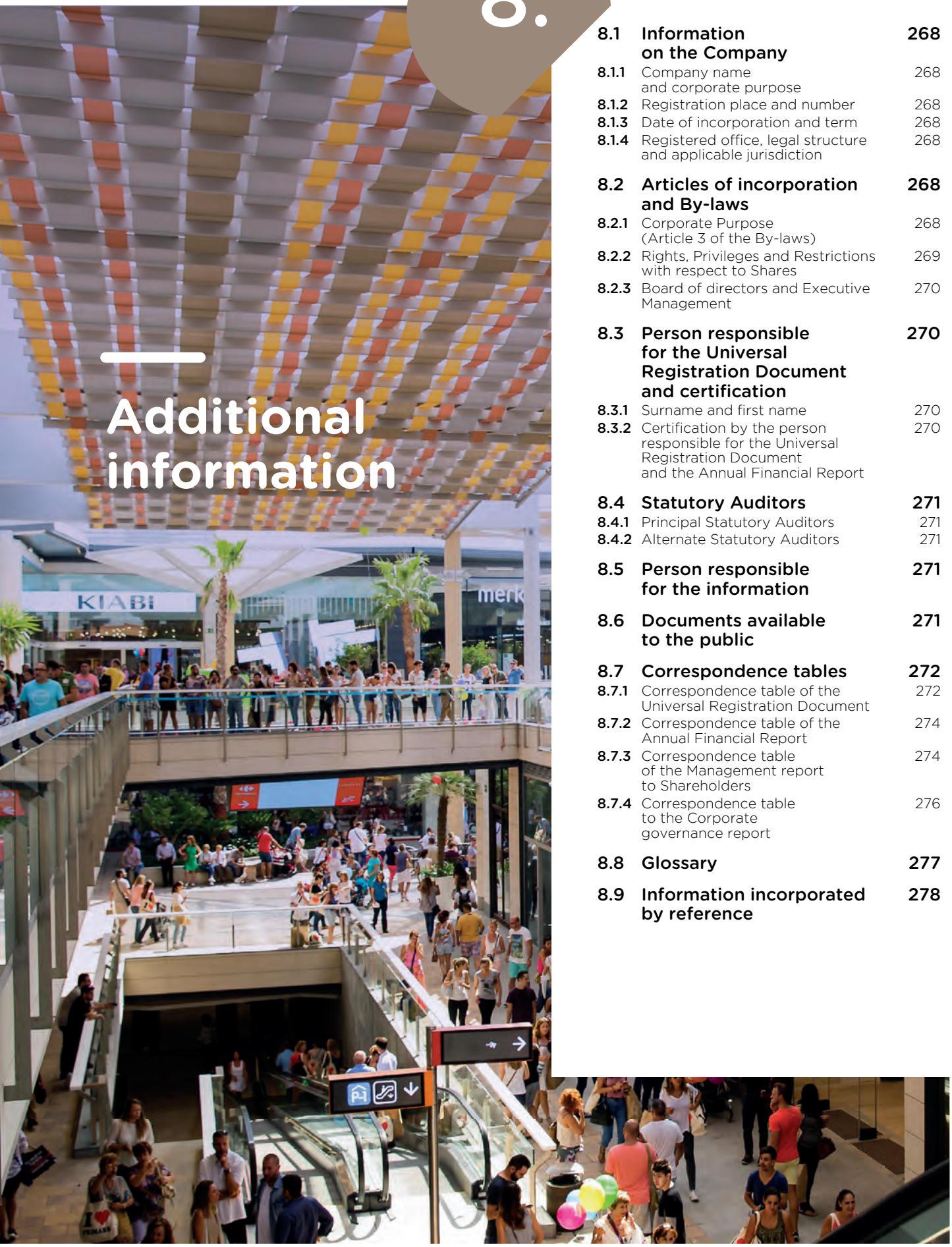
Adrien Johner
Partner

DELOITTE & ASSOCIÉS

Stéphane Rimbeuf
Partner

8.

Additional information



8.1 Information on the Company

8.1.1 Company name and corporate purpose

The Company is registered under the corporate name "Carmila".

8.1.2 Registration place and number

The Company is registered with the Nanterre Trade and Companies Registry under number 381 844 471.

The Company's Legal Entity Identifier is 222100P6D3QKU33LZQ72.

8.1.3 Date of incorporation and term

The Company was incorporated on 6 March 1991 for a term to expire on 1 May 2090, except in the event of an early dissolution or an extension provided for in the ws.

8.1.4 Registered office, legal structure and applicable jurisdiction

The Company's registered office is at 58, avenue Émile-Zola, 92100 Boulogne-Billancourt, France (Tel: +33 1 58 33 64 99).

The Company's website is: carmila.com (it being specified that all information provided on the Company's website will not be provided on the prospectus, unless such information are included by reference in the prospectus).

The Company is a limited liability company *(société anonyme)* incorporated under French law with a Board of Directors, and is governed by the laws and regulatory provisions of the French Commercial Code.

8.2 Articles of incorporation and By-laws

The Company's by-laws were modified on 12 June 2017, following the Merger of the same date. These amendments were mainly related to (i) the extension of directors' terms from three to four years and the inclusion of an option to shorten terms in order to allow for the staggered renewal of the Board of Directors, in accordance with the recommendations of the AFEP/MEDEF Code, (ii) the option to appoint non-voting directors to assist the Board of Directors and (iii) a number of drafting changes and amendments in response to new provisions of the French Civil Code or certain conditions concerning the Company's distributions.

By-laws were also modified on 25 July 2017, 31 July 2017 and 14 June 2018 to take into account Increases of capital occurred at those dates:

- On 6 July 2017, Carmila finalised a placement, launched on 25 June 2017, of 23,041,668 new shares for a total amount of €578 million. This operation included an additional period to allow Carmila shareholders who had not sold or exercised their warrants to exercice them before 17 July 2017. As a consequence, the total number of shares issued (excluding the exercise of the overallotment option) was 23,123,818 ordinary shares for a total amount of €555,0 million including i) 20,958,334 shares issued as part of the share placement representing €503,0 million, and ii) 2,165,484 shares issued following the exercise of the remaining warrants (including the subscription of Carrefour through the partial exercise of Its warrants for an amount of €50 million) representing c. €52,0 million. The settlement and delivery of the 82,150 new shares issued through the exercise of the warrants since 10 July 2017 took place on July 25, 2017. Following the exercise of the remaining warrants, and upon issuance of the corresponding additional new shares, Carmila's outstanding share capital was composed of 131,992,047 shares. As a consequence, by-laws were modified on 25 July 2017.
- In connection with the increase of capital of the 6 July 2017, a stabilisation agent, acting in the name and on behalf of the underwriters, exercised the over-allotment option granted in the offering with respect to the purchase of 3,067,982 additional new shares. The proceeds from the exercise of the over-allotment option amounts to €73.6 million, increasing the total capital increase amount to €628.6 million. Following the completion of the capital increase and the exercise of the over-allotment option, Carmila's share capital was composed of 135,060,029 shares. By-laws have been modified accordingly on 31 July 2017.
- The Annual General Meeting held on 16 May 2018 decided to offer shareholders an option to receive the balance of the 2017 dividend payment in shares (i.e. €0.75 per share). The option period was opened from 23 May 2018 to 6 June 2018. At the end of the option period, shareholders having elected to receive the balance of the 2017 dividend in shares represented 34.27% of Carmila shares. For the purposes of the dividend payment in shares, 1,501,666 new shares have been issued. The settlement and delivery of the shares as well as their admission to trading on Euronext Paris occurred on 14 June 2018. After this capital increase, the number of Carmila outstanding shares is 136,561,695 shares. By-laws were modified accordingly.
- Finally, the Company's By-laws have been amended on May 16th, 2019 and October 24th, 2019 as to implement the creation of a new class of *B* shares, the "B Shares", which are preference shares in accordance with Articles L. 228-11 et seq. of the French Commercial Code, and have been created in connection with the allocation of preference shares to Group employees.

The description below covers the main provisions of the By-laws.

8.2.1 Corporate Purpose (Article 3 of the By-laws)

Pursuant to Article 3 of the By-laws, the Company's main purpose is to acquire or construct commercial or industrial buildings or groups of buildings for leasing or rental purposes, to directly or indirectly hold equity interests in legal entities whose purpose is to acquire or construct buildings or groups of commercial buildings for leasing or rental purposes, and, more generally, to hold and operate sites, commercial or industrial buildings or groups of buildings, and in particular, shopping centres, located in France and abroad, for leasing or rental purposes, and, to that end:

- to acquire by any means (including through exchange or contribution or any other type of transfer) and/or construct any sites, buildings, assets and property rights for leasing or rental purposes; to manage, administrate, rent, lease and develop any sites, assets and property rights; to furnish and equip all building complexes for rent; and any other activities associated with or related to the abovementioned business, directly or indirectly, acting alone or through an association, joint venture, group or company with any other persons or companies;

- to participate, by any means, in transactions relating to its purpose by way of acquisition of equity interests or investments, by any means and in any form, in any French or foreign real estate, industrial, financial or commercial company, in particular by way of acquisition, creation of new companies, subscription or purchase of securities or corporate rights, contributions, mergers, alliances, joint ventures, economic interest groups or otherwise, as well as to administer, manage and control these equity interests or investments;
- on an exceptional basis: to exchange or dispose of securities held, property rights or assets or real estate acquired or built for leasing or rental purposes in accordance with the Company's main purpose by way of sale, contribution or otherwise; and
- generally, all commercial, financial and industrial transactions and all transactions in movable or real property relating directly or indirectly to the purpose of the Company and any similar or connected purpose likely to facilitate the completion thereof or promoting its extension or development (including, in particular, concerning buildings or groups of buildings for leasing or rental purposes, other than for commercial purposes).

8.2.2 Rights, Privileges and Restrictions with respect to Shares

Class of shares (Article 7 of the By-laws)

The shares are divided into two categories: 136,561,695 category A shares, which are ordinary shares ; and 120,148 category B shares, which are preference shares issued in accordance with Articles L. 228-11 et seq. of the French Commercial Code.

Category A shares

Voting rights (article 10 of the By-laws)

Each A Share entitles the holder to one (1) vote.

Dividends rights and liquidation dividends rights (article 10 of the By-laws)

Each A Share entitles the holder to a share in the profits in proportion to the number of A shares in existence.

Each Share entitles the holder to liquidation dividends in proportion to the number of shares in existence.

Category B shares

Voting rights (article 10 of the By-laws)

B shares do not carry voting rights.

Dividends and liquidation dividends rights (article 10 of the By-laws)

B shares do not carry dividend rights.

Each Share entitles the holder to liquidation dividends in proportion to the number of shares in existence.

Conversion into A shares (article 10 of the By-laws)

After the B Share lock-up period given in the free B Share plan under which they are allocated, B Shares will automatically be converted into A Shares, it being stated that, with respect to the Company's corporate officers, the Board of Directors would have the option of delaying the conversion date to the date of termination of their functions as corporate officers within the Company.

Each B Share would carry the right of a maximum of one (1) A Share, subject to meeting the performance conditions as provided under Article 10 of the By-laws. The number of A Shares that may result from the conversion of the B Shares will be calculated by the Board of Directors on the lock-up period expiry date according to the extent to which the performance conditions have been met, it being stated that if the average level of achievement of the applicable performance conditions exceeds 100%, the conversion ratio will be, as the case may be, one (1) A Share for one (1) B Share.

Buyback of the B Shares (article 10 of the By-laws)

In the scenario where, after the lock-up period expiry date, the number of A Shares to which the B Shares held by some of all of the holders would give rights through conversion is equal to zero, the Company will, at its sole initiative, buy back the said B Shares for the purpose of cancelling them.

All B Shares bought back in this way will be permanently cancelled on their buyback date and the Company's share capital reduced by that amount, with creditors benefiting from a right to oppose.

B Shares will be bought back at their unit face value.

The Company will notify B Shareholders of the buyback by any means prior to the actual buyback date.

The Board of Directors must note the number of any B Shares bought back and cancelled by the Company and make the necessary changes to the Articles of these By-laws.

Preferential Subscription Rights

Shares of the Company will carry preferential subscription rights to capital increases under the conditions set out in the French Commercial Code.

Participation in Shareholders' Meetings (Article 19 of the By-laws)

Shareholders may attend meetings in person or by proxy. Any shareholder may be represented or vote by mail, in accordance with the terms and conditions provided for by applicable law.

The ability to participate in Shareholders' Meetings is subject to the registration of the shares in the name of the shareholder or intermediary registered on the shareholder's behalf, two business days before the applicable meeting at 12:00 midnight, Paris time, either in the registered share accounts held by the Company or in the bearer share accounts held by the authorised intermediary. For holders of bearer shares, the certificate of participation justifying the ownership of their shares will be issued by the authorised intermediary holding their account and will allow them to participate in the Shareholders' Meeting.

Upon the decision of the Board of Directors in its convening notice, any shareholder may also participate and vote in Shareholders' Meetings by videoconference or any other means of telecommunication, including by Internet, provided that the means of communication permits the identification of the shareholder in question in accordance with the terms and conditions set out by applicable law and regulations.

Procedures for convening and conducting ordinary and extraordinary Shareholders' meetings (Articles 20 and 22 of the By-laws)

Ordinary and extraordinary Shareholders' meetings held under the quorum and majority conditions prescribed by law exercise the powers granted to them under law. They will be convened by the Board of Directors under the conditions and within the time limits set by law.

Special Shareholders' Meeting (Article 23 of the By-laws)

B Shareholders are consulted on issues that fall specifically within their competence under the law.

Only B Shareholders entered in the Company accounts may attend these Special Shareholder's meeting and take part in the vote. The Special B Shareholders's meeting exercise their powers in accordance with the conditions set out in the applicable regulations.

Company's decisions taken by a General Shareholder's meeting only become final following the approval by the Special B Shareholders' meeting where these modify rights relating to B Shares.

Identifiable Bearer Shares (Article 8 of the By-laws)

The Company may use means authorised by applicable law and regulations for the identification of holders of shares conferring an immediate or future right to vote in its Shareholders' Meetings, and may apply any sanctions related to such shares.

Holders who fail to comply with requests for information within the time period provided for by applicable laws and regulations or who transmit incomplete or inaccurate information as to their capacity or as to the owners of the shares or the quantity of shares held by each of them, securities giving current or future access to the share capital and on behalf of whom such holders are registered by book-entry, will be stripped of voting rights for any Shareholder's Meeting held before such identification is corrected, and the payment of any corresponding dividend will be deferred until such date.

8.2.3 Board of directors and Executive Management

Board of directors (article 12 of the By-laws)

The Company is managed by a Board of Directors consisting of three to eighteen members, subject to derogations provided for by law in the event of a merger.

The Board of Directors shall be renewed each year by bearing, such that the bearing covers a portion of themembers of the Board of Directors. Directorships last for four years. Exceptionally, so that the Board of Directors is renewed each year on a rolling basis, the Shareholders' meeting may appoint one or more directors for a different duration, which may not exceed four years.

The number of members of the Board of Directors having exceeded the age of 70 may not be more than one-third of the members in function.

Chairman of the Board of directors (article 13 of the By-laws)

The Board of Directors shall elect a Chairman from among its members, who must be a natural person. The President organizes and directs the work of the Board of Directors, on which it reports to the General Meeting of Shareholders' meeting. It ensures the proper functioning of the Company's governing bodies and ensures, in particular, that the directors are able to perform their duties.

Chief Executive Officer (article 14 of the By-laws)

The General Management of the Company is assumed under the responsibility of either the Chairman of the Board of Directors, or another individual appointed by the Board of Directors, with the title of Chief Executive Officer.

The Chief Executive Officer is vested with the following powers to act in all circumstances on behalf of the Company. It exercises these powers within the limits of the Company's corporate purpose and under reserve those expressly attributed by law and by the By-laws to the Shareholders' Meetings and to the Board of Directors.

The Chief Executive Officer represents the Company in its relations with third parties.

Non-voting members (article 17 of the By-laws)

The Shareholders' meeting may appoint non-voting directors (natural persons or legal entities) to assist the Board of Directors. Non-voting directors may be, but are not required to be, shareholders, and no more than three may be appointed. Non-voting directors are invited to all meetings of the Board of Directors, under the same conditions and in the same way as members of the Board of Directors; they may take part in the deliberations, but only in an advisory capacity. Non-voting members may share their observations during meetings of the Board of Directors. They may not take the place of members of the Board of Directors, and may only give opinions.

8.3 Person responsible for the Universal Registration Document and certification

8.3.1 Surname and first name

Mr. Alexandre de Palmas

Chairman and Chief Executive Officer of Carmila

8.3.2 Certification by the person responsible for the Universal Registration Document and the Annual Financial Report

"I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its meaning.

I further declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and of all the companies included in the scope of consolidation, and that the Management Report to Shareholders faithfully reflects the changes in the business, results and financial position of the Company and of all companies included in the scope of consolidation, while presenting the main risks and uncertainties faced by them (correspondence table that allows to find out sections of the Management Report in this Universal Registration Document is presented on page 274).

I have obtained a completion letter from the Statutory Auditors affirming that they have verified the information concerning the financial position and financial statements provided in this document, and have read all of the information contained herein."

Mr. Alexandre de Palmas, Chairman and CEO of Carmila

8.4 Statutory Auditors

8.4.1 Principal Statutory Auditors

Deloitte & Associés, 6 place de la Pyramide,
92908 Paris-La Défense Cedex

KPMG S.A., 2, avenue Gambetta (Tour Eqho),
92066 Paris-La Défense Cedex

8.4.2 Alternate Statutory Auditors

BEAS, 6 place de la Pyramide,
92908 Paris-La Défense Cedex

Salustro Reydel, 2, avenue Gambetta (Tour Eqho),
92066 Paris-La Défense Cedex

8.5 Person responsible for the information

Pierre-Yves Thirion

Chief Financial Officer of Carmila

8.6 Documents available to the public

Copies of this document and other documents related to the Company, in particular its By-laws, financial statements, reports submitted to its Shareholders' Meetings by the Board of Directors and the Statutory Auditors, are available free of charge at the Company's registered office (58, avenue Émile-Zola – 92100 Boulogne-Billancourt). These documents may also be found on the Company's website (www.carmila.com/fr).

This document can also be consulted on the Company's website (www.carmila.com/en/finance/registration-documents) and the website of the French *Autorité des marchés financiers* (www.amf-france.org).

8.7 Correspondence tables

8.7.1 Correspondence table of the Universal Registration Document

Annex I Commission Delegated Regulation (EC) no. 2019/980	Chapter/section No.
1/ Persons responsible, information originating from third parties, expert statements and approval by the competent authority	8.3.1 and 8.3.2
2/ Statutory auditors	
2.1. Identity	8.4.1
2.2. Any changes	N/A
3/ Risk factors	5.2
4/ Information about the issuer	
4.1. Corporate name	
4.2. Registration place and number, legal identity identifier	
4.3. Date of incorporation and term	
4.4. Registered office, legal structure and applicable jurisdiction, address and phone number, website	
5/ Business overview	
5.1. Principal activities	3.4 / 5.1.1
5.2. Principal markets	2.3.3 / 3.4
5.3. Exceptional factors	N/A
5.4. Strategy and purposes	N/A
5.5. Dependence of the issuer	N/A
5.6. Competitive position	2.3.1
5.7. Investments	
6/ Organisation chart	
6.1. Brief description of the group	5.1
6.2. List of significant subsidiaries	5.1.3
7/ Operating and financial review	
7.1. Financial condition	3.7
7.2. Operating income	3.5
8/ Cash and capital resources	
8.1. Information concerning capital resources	3.1 / 3.2.4 / 3.7 / 7.1.4
8.2. Cash flows	3.2.3 / 7.1.3
8.3. Borrowing requirements and funding structure	3.7
8.4. Restrictions on the use of capital resources	3.7
8.5. Anticipated sources of funds	3.7
9/ Regulatory framework	
10/ Trend information	**3.10**
10.1. Most significant recent trends since the end of the last financial year	6.2
10.2. Event likely to have a material effect on the issuer's prospects	6.2.1
11/ Profit forecasts or estimates	**3.10**
12/ Administrative, management and supervisory bodies and senior management	
12.1. Board of Directors and Senior Management	6.1.2 / 6.1.3
12.2. Conflicts of interest towards the administrative, management and supervisory bodies and senior management	6.1.2.2
13/ Compensation and benefits	
13.1. Compensation and benefits in kind granted	6.2
13.2. Amounts provisioned for or otherwise recognized for the purpose of paying pensions, retirement or other benefits	6.2.1
14/ Functioning of the administrative and management bodies	
14.1. Date of expiry of terms of office	6.1.2.1
14.2. Services agreements	6.2.2
14.3. Information about the Audit Comittee, and the Compensation Comittee	6.1.2.3
14.4. Compliance with the applicable corporate governance regime	6.1.1 / 6.1.2.2
14.5. Potential significant impacts on corporate governance	N/A

Annex I Commission Delegated Regulation (EC) no. 2019/980	Chapter/section No.
15/ Employees	
15.1. Number of employees and staff distribution	4.4.2.1
15.2. Shareholdings and stock options of members of the Board of Directors and Management bodies	6.2.3 / 6.3.3
15.3. Arrangements for involving the employees in the share capital of the issuer	6.2.3 / 6.3.3
16/ Main shareholders	
16.1. Threshold crossing	6.3.2.3
16.2. Existence of different voting rights	N/A
16.3. Direct or indirect control	6.3.2.1
16.4. Agreement implementation of which could result in a change in control	6.3.4
17/ Related party transactions	**5.1.5 / 7.1.5 Note 11**
18/ Financial information concerning the issuer's assets and liabilities, financial position and profits and losses	
18.1. Historical financial information	3.1 / 7.1 / 7.3 / 7.4.6
18.2. Interim and other financial information	N/A
18.3. Auditing of historical financial information	7.2 / 7.5
18.4. Pro forma financial information	N/A
18.5. Dividend distribution Policy	3.7.5
18.6. Legal and arbitration proceedings	5.5
18.7. Significant changes in the financial situation	3
19/ Additional information	
19.1. Share capital	3.8 / 6.3.1
19.1.1. Suscribed capital	6.3.1.2
19.1.2. Other shares	6.3.1.5
19.1.3. Treasury shares	6.3.1.5
19.1.4. Securities	6.3.1.6
19.1.5. Vesting conditions	6.3.1.7
19.1.6. Options or agreements	6.3.1.8
19.1.7. History of the capital	6.3.1.1
19.2. Memorandum and Articles of Association	8.2
20/ Material contracts	**5.6**
21/ Documents available	**8.6**

8.7.2 Correspondence table of the Annual Financial Report

Headings in Article L. 451-1-2 of the French Monetary and Financial Code	Chapter/ section No.
1/ Management report to Shareholders	2 / 3 / 5 / 7.4
2/ Consolidated financial statements	7.1
3/ Parent company financial statements	7.3
4/ Report of the Statutory Auditors on the parent company financial statements and consolidated financial statements	7.2 / 7.5
5/ Corporate governance report	6
6/ Statutory Auditors' Report on the Corporate governance report	6.4
7/ Declaration by the physical persons with responsibility for the Annual Financial Report	8.3 / 8.5

8.7.3 Correspondence table of the Management report to Shareholders

Reference texts			Chapter/ section No.
COMMENTS ON THE FINANCIAL YEAR			
French Commercial Code	L. 225-100-1, L. 232-1, L. 233-6 and L. 233-26	Situation of the Company during the financial year ended and objective and comprehensive analysis of changes in the business, results and of the Company and Group	3
French Commercial Code	L. 225-100-1	Key non-financial performance indicators relating to the Company's specific business	3.1 / 3.6
French Commercial Code	L. 225-102-1	Extra-financial performance statement	4
French Commercial Code	L. 233-6	Significant holdings taken during the financial year in companies with their registered office in France	5.1.3
French Commercial Code	L. 232-1 and L. 233-26	Significant events between the financial year closing date and the date of this report	7.1 Note 13 / 7.3 Note 9.4
French Commercial Code	L. 232-1 and L. 233-26	Foreseeable change in the Company or Group situation	3.10
French General Tax Code	243 bis	Dividends distributed in respect of the last three financial years and amount of income distributed in respect of these same financial years eligible for the 40% tax credit	4.2.3
French Commercial Code AMF position-recommendation 2009-16	L. 441-6, L. 441-6-1 and D. 441-4	Information on the Company's supplier and customer payment terms	
ELEMENTS OF GROUP PRESENTATION			
French Commercial Code	L. 225-100-1	Description of the main risks and uncertainties faced by the Company	7.2
French Commercial Code	L. 225-100-1	Financial risks related to the effects of climate change and presentation of measures taken by the Company to mitigate them by implementing a low-carbon strategy in all areas of its activity	5.4.5
French Commercial Code	L. 225-100-1	Principal characteristics of internal control and risk management procedures put in place by the Company relating to the preparation and processing of accounting and financial information	5.4.4
French Commercial Code	L. 225-100-1	Indications about the objectives and policy for hedging each main category of transactions for which hedge accounting is used	3.7.2
French Commercial Code	L. 225-100-1	The Company's exposure to price, credit, liquidity and cash risks	5.2.3
French Commercial Code	L. 225-102-1, R. 225-105 and R. 225-105-1	Social and environmental consequences of the activity and related Statutory Auditors' report	4 / 4.7
French Commercial Code	L. 225-102-1	Collective agreements concluded in the Company and impacts on the Company's financial performance as well as on employees' working conditions	4.4.2

Reference texts			Chapter/ section No.
French Commercial Code	L. 225-102-2	In the event of operation of an installation referred to in article L. 515-36 of the French Environmental Code: • description of the technological accident risk prevention policy; • report on the ability to cover public liability in respect of people and property; and • detail of the resources put in place by the Company to ensure management of compensation for victims in the event of a technological accident for which the Company is liable (including Seveso installations).	NA
French Commercial Code	L. 225-102-4	Vigilance plan enabling identification of risks and prevention of serious abuses of human rights and fundamental freedoms, or serious impacts on health, safety and the environment resulting from the Company's activity and that of sub-contractors and suppliers	NA
French Commercial Code	L. 232-1	Research and development activities	5.7
INFORMATION ABOUT CORPORATE GOVERNANCE			
French Commercial Code	L. 225-185	Conditions for exercise and holding of options by senior executives	NA
French Commercial Code	L. 225-197-1	Conditions for holding bonus shares awarded to senior executives	6.2.2.1 (4) / 6.3.3
French Monetary and Financial Code	L. 621-18-2	Transactions on the Company's securities by senior executives and related persons	6.3.2.5
French Monetary and Financial Code	L.225-184	Option granted, subscribed or acquired during the financial year by senior executives and any of the top ten executives of the company and options granted to all employees by category	NA
INFORMATION ABOUT THE COMPANY AND THE SHARE CAPITAL			
French Commercial Code	L. 225-211	Detail of purchases and sales of treasury shares during the financial year Information about acquisitions by the Company of treasury shares in order to allocate them to employees or senior executives	6.3.1.5
French Commercial Code	R. 228-90	Any adjustments for securities giving access to the share capital in the event of share repurchases or financial transactions	6.3.1.6
French Commercial Code	L. 225-102	Status of employee shareholding in the share capital on the last day of the financial year and proportion of the share capital represented by shares held by employees through company savings plans and by employees and former employees as part of company mutual funds	6.3.2
French Commercial Code	L. 464-2	Injunctions or monetary penalties for anti-competitive practices	NA
French Commercial Code	L. 233-13	Identity of natural or legal persons holding, directly or indirectly, more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen-twentieths or nineteen-twentieths of the share capital or voting rights at General Meetings of Shareholders	6.3.2
French Monetary and Financial Code	L. 511-6	Amount of loans with terms of less than two years granted by the Company, as an ancillary activity to its main business, to micro-enterprises, SMEs or intermediate-size companies with which it has business links justifying such loans	NA
ELEMENTS RELATING TO THE FINANCIAL STATEMENTS			
French Commercial Code	L. 232-6	Any changes to the presentation of the financial statements or valuation methods used	7.1.5 Note 2
French Commercial Code	R. 225-102	Company's results over the last five financial years	7.4.6

8.7.4 Correspondence table to the Corporate governance report

Reference texts			Chapter/ section No.
COMPENSATION			
French Commercial Code	L. 225-37-2	Compensation policy of corporate officers	6.2.2
French Commercial Code	L. 225-37-3 L. 225-100, II R. 225-29-1 Com. Code	Information relating to the compensation of corporate officers	6.2.1
INFORMATION ABOUT THE COMPANY AND THE SHARE CAPITAL			
French Commercial Code	L. 225-37-4	List of all offices and positions held in any company by each of these officers during the financial year	6.1.2
French Commercial Code	L. 225-37-4	Agreements concluded between a corporate officer or a shareholder holding more than 10% of the voting rights and a subsidiary	5.1.5.3
French Commercial Code	L. 225-37-4	Choice of methods of exercising executive management	6.1.3
French Commercial Code	L. 225-37-4	Summary table of currently valid delegations granted by the General Meeting of Shareholders to the Board of Directors with regard to capital increases	6.3.1.3
French Commercial Code	L. 225-37-4	Composition, conditions of preparation and organisation of the Board	6.1.2
French Commercial Code	L. 225-37-4	Description of the diversity policy applied to Board members as to criterias such as age, gender, qualification and professional expertise, together with a description of this policy, its aims, ways of application and results obtained during the financial year. Information regarding the way the company is looking for a balanced organisation as far as gender is concerned, thanks to the ad-hoc committee put In place by the senior management of the company to assist them in general missions to obtain results expected as far as mixity is concerned at the top 10% senior management level.	6.1.2.1 / 6.1.3
French Commercial Code	L. 225-37-4	Limitations to the powers of the Chief Executive Officer	6.1.2.3 (3) / 6.1.3
French Commercial Code	L. 225-37-4	Compliance with the Corporate Governance Code	6.1.1
French Commercial Code	L. 225-37-4	Specific arrangements for the participation of shareholders in Shareholders' Meetings	8.2.2
French Commercial Code	L. 225-37-5	Rules applicable to the appointment and replacement of members of the Board of Directors or the Executive Board as well as to changes to the Company's articles of association	8.2.3
French Commercial Code	L. 225-37-5	Powers of the Board of Directors or Executive Board, in particular relating to the issuance or repurchase of shares	6.1.2.4 / 6.3.1.5
INFORMATION ON SHARE CAPITAL			
French Commercial Code	L. 225-37-5	Structure and changes in the Company's share capital	6.3
French Commercial Code	L. 225-37-5	Statutory restrictions on the exercise of voting rights and the transfer of shares or agreement clauses brought to the Company's notice	8.2.2
French Commercial Code	L. 225-37-5	Direct or indirect holdings in the Company's share capital of which it is aware	6.3.2.1
French Commercial Code	L. 225-37-5	List of holders of any securities bearing special control rights and description of such rights	6.3.5
French Commercial Code	L. 225-37-5	Control mechanisms provided for in any shareholding system for employees, when the control rights are not exercised by the latter	6.3.5
French Commercial Code	L. 225-37-5	Shareholder agreements of which the Company is aware and which may give rise to restrictions on the transfer of shares and the exercise of voting rights	6.3.5
French Commercial Code	L. 225-37-5	Agreements concluded by the Company that are modified or end in the event of a change of control of the Company, unless such disclosure, other than when there is a legal obligation to disclose, would be seriously prejudicial to the Company's interests	6.3.5
French Commercial Code	L. 225-37-5	Agreements providing for payments to members of the Board of Directors or Executive Board or employees, in the event that they resign or are dismissed without actual and serious basis or if their employment ends on account of a tender offer	6.3.5

8.8 Glossary

Continuation NAV: the continuation NAV (NAV including transfer taxes) includes the property transfer taxes in consolidated shareholder equity – Group share (corresponding to the consolidated net assets) and does not take into account the deferred taxes on unrealised capital gains, as well as the fair value recognition of hedging instruments.

Temporary stores: Carmila leverages the attractiveness of its shopping centres to offer tenant retailers the opportunity to open temporary stores in premises of between 50 and 3,000 sqm, for durations of between 4 and 34 months.

BREEAM (Building Research Establishment Environmental Assessment Method): developed by the Building Research Establishment (BRE) in the United Kingdom in 1990, BREEAM is recognised as the leading appraisal and certification system for the environmental performance of buildings.

CDAC (Commission départementale d'aménagement commercial or Departmental commission on retail development): opening a retail area greater than 1,000 sqm in France requires prior administrative authorisation from CDAC.

Leader shopping centre: a shopping centre is defined as a "leader" if (i) it is the leader in its commercial area by number of commercial units (Source: Codata database, 2016) or (ii) it includes, for shopping centres in France, more than 80 commercial units or, for shopping centres in Spain or Italy, more than 60 commercial units.

Co-leader shopping centre: a shopping centre is defined as a "co-leader" if (i) it is not a "leader" and (ii) (x) it includes the leading hypermarket in its commercial area (for France and Italy) in terms of revenues or (for Spain) in terms of surface area (Source: Nielsen database, 2016) or (y) the annual revenue of the hypermarket adjoining it is over €100 million for hypermarkets in France or €60 million for hypermarkets in Spain or Italy.

CNCC (Conseil National des Centres Commerciaux, or National Shopping Centre Advisory Board): for 30 years, the CNCC has been the French professional organisation for all professionals operating in the shopping centre sector.

Average cost of debt: the average cost of debt represents the average effective rate that a company pays on its borrowings from financial institutions or other sources. This debt may be in the form of bonds, loans or any other liabilities.

EBITDA (excluding fair value adjustments): EBITDA is the acronym for Earnings before Interest, Taxes, Depreciation, and Amortization. It therefore measures the wealth creation from operating the assets. Its French equivalent is EBE (Gross Operating Surplus).

EPRA (European Public Real Estate Association): created in 1999, the EPRA is a European association representing real estate companies, whose role is to promote, develop and represent the listed companies in the real estate sector at the European level.

EPRA NAV: the EPRA NAV (Net Asset Value) is an indicator of the fair value of a real estate company. The NAV is calculated by adding the unrealised capital gains or losses on the assets to the consolidated shareholder equity Group share (corresponding to consolidated net assets). This indicator excludes the deferred tax on unrealised capital gains as well as the fair value of hedging instruments.

EPRA NNNAV: the triple net asset value is calculated by deducting the fair value of fixed rate debt and deferred taxes on unrealised capital gains, which would be owed if the assets were sold, from the EPRA NAV. Financial instruments are recognised at fair value.

EPRA NIY (Net Initial Yield): the EPRA Net Initial Yield is the ratio between net annualised rental income based on the rental status and market value, including transfer taxes, of the assets.

NPY (Net Potential Yield): the Net Potential Yield is the ratio between net annualised rental income (with reintegration of step increases and rent-free periods) plus the market rental value of the vacant lots defined by the experts and the market value, including transfer taxes, of the assets.

EPRA topped-up Net Initial Yield: the EPRA Topped Up Net Initial Yield adds back reductions and step rents into rental income.

Grenelle Environment Roundtable: the Grenelle Environment Roundtable is a series of political meetings organised in France in September and December 2007 with the aim of taking long-term decisions on environmental and sustainable development issues, in particular to restore biodiversity through the implementation of green and blue "belts" and ecologically coherent regional schemes, while reducing greenhouse gas emissions and improving energy efficiency. The Grenelle commitments have been put into practice mainly through two specific laws (i) Law no. 2009-967 of 3 August 2009, programming the implementation of Grenelle (known as Grenelle I) and (ii) Law no. 2010-788 of 12 July 2010 covering the national environmental commitment (known as Grenelle II).

ICC (Cost of Construction Index): the Cost of Construction Index measures the quarterly change in the price of new, primarily residential buildings in France. VAT is included, paid by the project managers to the construction companies. It applies exclusively to construction works. It excludes the prices and costs of land (viability studies, special foundations, etc.) as well as fees, promotion and financial costs. Moreover, it does not cover maintenance and improvement works.

ICR (Interest Cover Ratio): EBITDA Ratio (excluding fair value adjustments)/Cost of net financial debt. This ratio measures the company's ability to cover the cost of its debt from its cash flows from operations.

ILC (Indice des Loyers Commerciaux, or French Commercial Rent Index): the quarterly ILC was created by Law no. 2008-776 of 4 August 2008 on the modernisation of the economy and comprises indices representing the changes in consumer prices, new building construction prices and revenues from retail activities. In France, base rent, whether solely fixed or with a minimum guarantee, is contractually indexed to INSEE's commercial rent index.

LMG (Minimum Guaranteed Rent): the minimum guaranteed rent (or annual base rent) in the lease contract.

Loan-to-Value including transfer taxes: the ratio of Consolidated net financial debt/Fair value of investment properties including transfer taxes (and including the share of the fair value of assets of equity-accounted companies).

Loan-to-Value excluding transfer taxes: the ratio of Consolidated net financial debt/Fair value of investment properties excluding transfer taxes (and including the share of the fair value of assets of equity-accounted companies).

Net rental income: Gross Rental Income less land tax expenses, property expenses and unrecovered rental expenses (expenses payable by tenants but not rebilled by the lessor because of vacant premises or specific contractual provisions).

Variable rents: variable rents comprise a fixed portion, the minimum guaranteed rent (or base rent), and an additional variable rent, calculated as a percentage of the tenant's annual revenue, excluding taxes.

Constant/current scope: Carmila reviews the change in certain indicators, whether at current scope (including the entire property portfolio on a given date) or at constant scope. Growth at constant scope is calculated on a comparable basis of shopping centres. The elements adjusted in order to analyse data at constant scope are (i) the contribution of acquisitions in the years in question as well as negative reversion linked to acquisitions in previous years, (ii) the impact of current restructurings and (iii) and the impacts of extensions delivered during the periods in question.

Proforma: proforma data at 31 December 2016 includes Cardety in order to be comparable. This information is shown in the Appendix to Document E filed on 5 May 2017 with the AMF under filing number E.17-040.

EPRA Earnings: operational performance measure excluding fair value adjustments, the impact of asset disposals and other non-cash items in the Company's result.

Recurring earnings: recurring earnings are equal to EPRA earnings excluding certain non-recurring items (restatement of debt issuance costs related to the Carmila/Cardety merger in 2017, restatement of property development margins and disposal proceeds and other non-recurring expenses).

Gross Rental Income: minimum guaranteed rent billed by Carmila to its tenants, to which additional variable rent and front-end fees and other despecialisation indemnities are added, where appropriate.

Reversion: the change (positive or negative) in the minimum guaranteed rent (LMG) obtained on renewal of a lease compared to its former LMG.

REIT (Real Estate Investment Trust): company benefiting from ad-hoc tax treatment subject to certain distribution constraints:

- requirement to distribute at least 95% of its recurring income and 60% of its capital gains (and 100% of the dividends received from its REIT subsidiaries); in exchange, its result is exempt from tax at the REIT level;
- regarding shareholders: a shareholder may not hold more than 60% of the share capital and 15% of the share capital must be held by shareholders holding less than 2% each.

Specialty leasing: specialty leasing refers to a set of services provided to commercial and advertising initiatives that generate additional revenue and energise the shopping centres. The Specialty leasing department operates in two segments: leasing of space in the shopping centres and car parks, and managing the advertising partnership agreement with Clear Channel, which aims to digitalise shopping centres and assist in jointly designing solutions that closely match new consumer behaviour.

Occupancy cost ratio: Carmila takes each tenant's occupancy cost ratio into account in determining its rent levels. The occupancy cost ratio is defined as the ratio between (i) the total amount charged to tenants (fixed rent, variable rent and rental expenses passed on to the tenant) and (ii) the tenants' revenues.

Financial Occupancy Rate: the financial occupancy rate corresponds to the ratio between the minimum guaranteed rent of the portfolio on a given date and the amount of rent that Carmila would collect if its entire operating property portfolio were leased (with the assumed rent for vacant lots determined on the basis of rental values set by the appraiser). The financial occupancy rate is stated excluding strategic vacancies, which are the vacant premises necessary in order to implement renovation, extension, or restructuring projects in shopping centres.

Developer yield on cost: expected net annualised rents divided by the estimated amount of the developer investment.

Yield (Carmila share): expected net annualised rents, divided by the total amount of Carmila's investment (including transfer taxes), including Carrefour's share (50%) to be acquired upon delivery at a market value agreed by the parties and based on an independent appraisal.

EPRA vacancy rate: the EPRA vacancy rate is the ratio between the market rent of vacant surface areas and the total market rent (of vacant and let surface areas).

8.9 Information incorporated by reference

In compliance with Appendix 1 of the supplementing Regulation (EU) 2019/980 dated March 14, 2019 which complete Commission Delegated Regulation (UE) 2017/1129 applicable starting 21 July 2019, the following information are incorporated by reference into this Universal Registration Document:

- for the year ended 31 December 2018: consolidated financial statements, annual statutory financial statements and related auditor's reports, along with all document related to this financial year are disclosed in section 3 and 7 of the Registration Document 2018 filled with the Financial Market Authority ("AMF") on the 23 April 2019 with reference D. 19-0372;
- for the year ended 31 December 2017: consolidated financial statements, annual statutory financial statements and related auditor's reports, along with all document related to this financial year are disclosed in section 3 and 7 of the Registration Document 2017 filled with the Financial Market Authority ("AMF") on the 20 April 2018 with reference D. 18-0358;
- for the year ended 31 December 2016: consolidated financial statements, annual statutory financial statements and related auditor's reports, along with all document related to this financial year are disclosed in section 9 and 20 of the Registration Document 2016 filled with the Financial Market Authority ("AMF") on the 25 April 2017 with reference D. 17-0428.

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